

G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget.

On December 19th, five months behind the time limit fixed by the constitution, the Argentine Government sent its 1930 Budget Bill to Congress.

With the exception of minor modifications relating to debt services and payment for an expropriated railway line in Entre Rios, the Bill simply calls for the continuance of the estimates of the current year.

Explaining the failure of the Administration to prepare a new budget, President Irigoyen's accompanying message to the Legislature ascribes it to pressure of "other unavoidable duties". The text of the message, which came as a general surprise, was the following:

"To the Honourable Congress of the Nation:

As a consequence of the peremptory and multiple public duties demanding its attention, the Government has not been able, up to the present, to complete the examination and revision in all its parts, of the National Budget. But, rather than delay its transmission to the Legislature, it prefers to continue during the coming year with the 1929 Budget, with slight modifications in the Public Debt Annex, which will represent an economy during the year of \$787,670.90 m/n. This will give an opportunity to complete the administrative reorganization undertaken since the Government assumed office, which is being carried out methodically with a view to the achievement of genuine regularity in all the public services.

Owing to the many deficiencies that had to be corrected, the Accountant-General of the Nation's department has required more time than was originally anticipated for the purpose of presenting a statement of the financial position of the Administration up to October 12, 1928, and also of the work done by the Government during its first year in office. The facts contained in these reports demonstrate in remarkable fashion the multifarious and efficient efforts of the Administration and the true situation of the National Treasury at the time of the change of Government. At some future opportunity fuller and more details will be given.

Maturing obligations left by the former administration totalled, on October 12, 1928, the sum of \$132,474,782.95 m/n, and there were available funds to meet them amounting to \$77,020,571.16 so that the total of the indebtedness for which no provision had been made, and which has had to be attended to by the present Government, was \$55,454,211.79, to which must be added the General Treasury deficit of \$5,744,118.01.

The Government also found itself faced with an enormous floating debt, composed chiefly of overdue obligations to contractors for the supply of materials,

From: M.A.Argentina Report No.4085 December 31,1929

## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget (Cont'd)

etc., and public works certificates which had remained unpaid. Faced with the alternative of going to Congress to ask for the funds required, or meeting them, as far as possible, out of general revenue, the latter course was adopted in order to avoid unnecessary inconvenience and damage to the interest of the nation's creditors. By the means described, the Administration has been meeting these obligations as circumstances permitted.

During the period between October 12, 1928, and October 31, 1929, the cash movement registered in the General Treasury was as follows:- \$ m/n

Balance of General Revenue on hand	18,255,881.99
Revenue from different sources	873,884,889.27

TOTAL.....\$892,140,771.26

Paid by the Government for salaries and expenses provided for in the budget; public debt services; amortisation and interest; special accounts, advances for public works account to the State Railways, Port of the Capital, Sanitary Works, National Council of Education, Municipalities etc.....891,872,148.65

Balance at October 31, 1929..... 268,662.61

Throughout this period the salaries of the administrative staffs have been kept up-to-date. The sum of \$5,744,118.01, taken without authorization from the Public Works Fund, has been returned. The Public Debts (Internal and Foreign) have been reduced by more than \$60,000,000. Interest and amortisation services on these debts have been met to a total of \$185,874,204.23. The Floating Debt has been reduced by \$9,372,490. and, finally, the following payments have been effected, by means of advances for debts not covered by the Budget, out of general revenue:

Public Works account	\$94,140,247.76
State Railway account	2,952,003.00
Port of the Capital (Law 5944)	2,737,903.17

Total..... \$99,830,153.93

And all this without having increased the Public Debt, attention being called to the fact that these payments represent a saving in interest payments of \$6,000,000.00 on the bonds that would otherwise have had to be issued.

From: M.A. Argentina Report No.4085 December 31, 1929

## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget (Cont'd)

It is due to this effective labour that our overseas credit is firm and that the strongest financial countries of Europe and U.S. offer daily unlimited capital under most advantageous conditions that the stability of Argentina's currency has been maintained, that the most powerful Governments and institutions of the world are desirous of tightening their bonds with this Republic, and of collaborating in the common task of its development.

In the desire to avoid the inconveniences which would result from the lack of an annual Budget the Government recommends the sanction of the attached Bill.

(signed) Hipolito Irigoyen.

Enrique Perez Colman."

The Bill itself merely calls for the extension of the 1928 Budget, provides for the services of new bond issues, cancels the items providing for amortized issues, and calls for authorization to issue 6 per cent. Credito Argentino (Internal or Foreign) 6 per cent. Bonds to repay the money withdrawn from the Treasury to pay for the expropriation of the railway line from Crespo to Hasenkamp.

  
From: M.A. Argentina Report No. 4085 December 31, 1929

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Subject: Federal Budget.

(b) Current and Proposed Budget.

The Budget law for 1928, No. 11,399 was approved by the President on September 1st, 1927.

As had been the case in previous years Congress merely passed a law authorizing the same expenditures as had been approved in the previous year by law 11,389, with a few additions, which it considered eminently necessary for the proper administration of the country.

In consequence expenditures for 1928 amounted to \$845,672,994.39 m/n distributed as follows:

Ordinary Expenditures covered by income	646,795,428.99
Subsidies & Charity (special provisions)	25,984,979.40
Public Works (to be covered by bonds)	147,892,536.00
Supplementary Credits (covered by bonds)	25,000,000.00

Total Expenditures Authorized:      \$ 845,672,944.39 m/n

The ordinary expenditures to be covered by the general revenues of the country were distributed as follows:

<u>AUTHORIZED EXPENDITURES</u>	m/n
A Congress	6,106,031.00
B Minister of Interior	106,419,679.64
C Minister of Foreign Affairs & Culture	6,627,656.84
D Minister of Finance - Public Debt	25,821,798.00
E Minister of Justice & Public Instruction	201,756,189.99
F Minister of War	132,397,415.16
G Minister of Marine	61,959,053.31
H Minister of Agriculture	43,882,062.75
I Minister of Public Works	18,722,048.00
J Pensions	22,754,747.00
	20,348,747.30
<u>Total</u>	\$ 646,795,428.99 m/n

The ordinary expenditures, or the sum of \$646,795,428.99 m/n, will be covered by the following revenues:

<u>ESTIMATED REVENUES</u>	m/n
Importation	291,630,000.00
Exportation	24,500,000.00
Alcohols	17,000,000.00
Tobacco	54,500,000.00
Matches	4,500,000.00
Alcoholic drinks	20,800,000.00

Carried Forward \$ 412,930,000.00

From: M.A. Argentina

Report No. 4096 January 27, 1930.

## ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget (Cont'd)

Brought Forward	\$ 412,930,000.00
Perfumes, specifics	20,000.00
Insurance	2,000,000.00
Playing cards	600,000.00
Mineral Water	300,000.00
Jewelry	900,000.00
Territorial contributions	14,000,000.00
Patents	11,700,000.00
Stamps	40,000,000.00
Passage Taxes	1,800,000.00
Posts & Telegraphs	34,700,000.00
Consular fees	3,500,000.00
Statistics 3%	12,000,000.00
Register of Property - Official	
Judicial bulletins	2,000,000.00
Analysis charges	1,250,000.00
Lighthouses and Buoys	4,000,000.00
Ports, docks, warehouses, slingage, etc.	42,800,000.00
Sanitary works	17,697,893.00
Sales, rents, and concessions of lands	2,870,000.00
National Banks	4,939,409.09
Banco Nacional in liquidation	400,000.00
Irrigation Fund	300,000.00
Debt services for Provinces	4,053,698.99
Ferrocarril Trasandino - service on Bonds, Law 11,174	340,909.09
Overage of previous Budgets	2,000,000.00
Extraordinary revenues	3,800,000.00
Fines	2,270,000.00
Miscellaneous	2,230,000.00
<u>Total</u>	<u>\$ 625,401,910.17 m/n</u>

The Revenues to cover the subsidies and charities section, which amounts to \$25,984,970.40 aforementioned are as follows:

Subsidies

National Lottery	15,000,000.00
Perfumes & Patent Medicines	7,166,602.40
Endowment to Government Hospitals	270,000.00
Endowment to Hospital del Chaco	12,000.00
<u>Total</u>	<u>\$ 22,448,602.40 m/n</u>

To carry out Public Works the Executive Power was authorized an issue up to the sum of \$150,000,000 m/n in series of \$10,000,000 or its equivalent in gold, in Credito Argentino Bonds bearing 6% interest, and 1% annual amortization.

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ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget (Cont'd)

The Executive Power was also authorized to issue, with the intervention of the "Credito Publico Nacional" up to the sum of \$25,000,000 m/n in bonds named "Internal Consolidation Bonds", bearing  $5\frac{1}{2}\%$  annual interest and 2% accumulative amortization for the payment of supplementary credits.

  
From: M.A.Argentina Report No.4096 January 27, 1930.

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ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget.

The Budget for the year 1929 was approved for \$704,131,453.65 m/n in cash, and \$158,000,000 in bonds of the "Credito Argentino Interno". The general Budget of expenses for the nation is distributed in the following manner:

A Congress	6,383,511.00
B Minister of Interior	110,573,239.64
C Minister of Foreign Affairs & Culture	6,651,033.64
D Minister of Finance	27,602,138.00
Public Debt	216,661,015.99
E Minister of Justice & Public Instruction	147,797,755.92
F Minister of War	67,587,321.31
G Minister of Marine	46,816,045.15
H Minister of Agriculture	22,198,236.00
I Minister of Public Works	23,640,165.00
J Pensions, etc.	24,349,052.18
Additional Funds for subsidies	3,871,939.82
<u>Total</u>	<u>\$ 704,131,453.65 m/n</u>

The sum of \$28,665,925.40 m/n was approved for subsidies and charities.

The ordinary expenses, or the sum of \$704,131,453.65 m/n will be covered by the following revenue:

ESTIMATED REVENUES

Importation	326,338,584.79
Exportation	22,809,500.35
Statistics 3%	12,639,787.30
Lighthouses and Buoys	4,478,332.86
Ports, Docks, Warehouses, etc	50,630,822.14
Consular Fees	4,182,368.95
Fines	6,305,513.05
Alcohols	20,463,471.90
Tobacco	61,893,580.82
Matches	4,847,736.18
Alcoholic drinks	21,399,024.87
Insurance	2,677,667.10
Playing Cards	644,679.50
Perfumes & Specifics	1,430,996.13
Analysis charges	1,428,730.00
Territorial contributions	14,109,520.00
Patents	12,195,984.31
Stamps	41,898,838.63
Posts & Telegraphs	57,260,612.09
Passage Taxes	1,544,184.76
Patents & Trademarks	796,611.82
Register of Property & Official Judicial Bulletins	2,411,595.00

Carried Forward 642,388,142.55  
From: M.A.Argentina Report No.4097 January 28, 1930

## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget (Cont'd)

Brought Forward	642,388,142.55
Sales, rents, concessions of lands	12,410,149.31
Overage from previous Budgets	8,000,000.00
Sanitary Works	23,860,391.60
Irrigation Fund	559,842.16
National Bank	222,889.80
Debt Services for Provinces	2,208,904.60
Mineral Water	356,142.95
Jewelry	803,487.47
Collections under Law 11,226	1,732,077.57
Miscellaneous	7,457,971.99
National Banks	<u>5,000,000.00</u>
<u>Total</u>	<u>\$ 705,000,000.00 m/n</u>

The following revenues have been attributed to the subsidies and charity section, which was fixed at \$28,665,925.40 m/n.

Income from the National Lottery after the deduction of amounts attributed to its budget of expenditures and Law No.3,967	17,077,614.00
Perfumes & Patent Medicines	<u>8,100,000.00</u>
	\$ 25,177,614.00 m/n
To be Deducted: 3% on \$25,177,614.00 m/n, which is the total of the special items for the subsidies fund in accordance with Law 419 and to cover the Budget of Expenses of the Subsidies Administration and Public Libraries Committee	<u>755,328.42</u>
	\$ 24,422,285.58 m/n
Refund from former years Budget	350,000.00
Fulfillment of, Art.6, Law 11,260	2,820,674.40
General Revenue	<u>1,072,965.42</u>
<u>Total</u>	<u>\$ 28,665,925.40 m/n</u>

For the payment of Public Works outlined in Annex I (Public Works) of this Budget the Executive Power is authorized to issue in series of \$10,000,000 up to the sum of \$158,000,000.00 m/n or its equivalent in gold in Bonds of "Credito Argentino Interno" at 6% interest, and 1% annual amortization.

*Stening*  
From: M.A. Argentina Report No.4097 January 28,1930



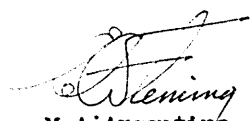
G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget.

On January 17th, the Chamber of Deputies approved without discussion the Bill calling for the adoption of the 1929 Budget for the current year. On January 25th, the Senate passed the Budget Bill without any changes. The Minister of Finance was present during part of the debate. Strong statements of criticism were made for the Government's failure to send the Bill at any earlier date, and while delaying the Budget several months the Government had made practically no changes from the estimates in force in 1929.

  
From: M.A. Argentina Report No. 4101 January 31st, 1930.

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G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget.

RECEIVED G/2 W.D. MAY 23 1930  
(b) Current and Proposed Budget.

As stated in our Report No.4085, when presenting the Budget the President stated that urgent matters had prevented his revising same so that he merely submitted with "slight modifications in the public debt annex" the budget of 1929. This statement makes a good showing, but the Opposition press are not satisfied, and intimate that many things have been left out. The statement closes at the end of October, but since that period thousands of new employees have been placed on the Government payrolls. In the period covered by the statement many thousands were dismissed.

Criticisms of the Budget, as required by the Minimum Requirements, are difficult as we are not in a position to make comparisons, there having been no new Budget since 1923, no statement of finances published, and no one seems to know, or is willing to divulge, how the money allotted to the various Ministries has been spent, this, of course, applies to the allotment for the Ministry of War, who have made no statement of how the allotments for the department have been divided. We will, of course, endeavour to keep you informed on expenditures as we can discover them.

In reality there has been no really completely reformed Budget Bill before Congress since 1915, the 1923 Bill being the old one altered, this policy is most severely criticized for, of course, it is impossible that the economic position of Argentina today is in anyway comparable with what it was when the war was only one year old. It is also impossible that the financial affairs of the State can be efficiently conducted if they continue to operate under an obsolete law.

It is stated that for the first nine months revenues of the Treasury are 570,000,000 pesos, and will not exceed 760,000,000 pesos for the whole year. It is foreseen either further taxes, or the non-fulfillment of promises.

The Executive Power has not supplied any details of the Treasury movements. It appears that the present Administration began with a surplus of 18 million pesos and has acquired revenue of 874 millions m/n; has made payments of 892 millions and remains with an actual surplus of hardly 300,000 pesos. Reverting to the Governments claim that it has not had recourse to the emission of bonds, it is admitted that a hundred million pesos have been paid for public works without any such emission, but it does not state what amounts have been incurred during the present exercise. Further information pertinent to this subject is reported under Index 5030 (a) Public Debt, Report No.4149.

*Stening*  
From: M.A. Argentina

Report No.4150

2347-L-36  
April 28, 1930.

G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget. REVENUES.

The Government's principal sources of revenue gave a satisfactory yield in 1929, as compared with 1928. With one or two exceptions only, the natural growth has been constant.

PORT OF BUENOS AIRES CUSTOMS  
RECEIPTS

Description	1928	1929	Increase (x) in Decrease (-) 1929
	\$ paper	\$ paper	\$ paper
Import duties	319,303,000	319,396,000	X 93,000
Export duties	14,911,000	9,352,000	- 5,559,000
Other Port dues	22,494,000	22,042,000	- 452,000
<u>TOTAL</u>	<u>356,708,000</u>	<u>350,790,000</u>	<u>- 5,918,000</u>

The decline experienced in the revenue from export duties is to be attributed to the low prices obtaining during 1929 for some of the principal agricultural and animal products, such as cereals and wool, as a consequence of which the duties on such commodities were based on values lower than those of the previous year.

Internal taxes on alcoholic beverages, tobacco, playing cards, perfumery, etc., yielded \$6,018,000 paper more in 1929 than in 1928, the actual receipts being \$125,589,000 against \$119,571,000 in 1928.

Revenue from "Contribucion Territorial" (Property Tax), Licenses and Stamped Paper was higher by \$2,339,000 as shown below.

Description	1928	1929	Increase
	\$ paper	\$ paper	\$ paper
"Contribucion Territorial"	38,289,000	39,071,000	782,000
Licenses	22,624,000	23,483,000	859,000
Stamped Paper	48,853,000	49,561,000	698,000
<u>TOTAL</u>	<u>109,766,000</u>	<u>112,105,000</u>	<u>2,339,000</u>

From: M. A. Argentina

Report No.4188

July 8, 1930

3-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt. RECEIVED G/2 W. D. MAY 23 1930

There has been no official statement in regard the Public Debt of Argentina, and no official statistics since the new administration came into power on October 12th, 1928. It is understood that the "Memoria de la Contaduria General de la Nacion" for 1928 has been actually printed but will not be released by the present administration.

The discussion of the Budget centers round the Public Debt. The Budget law for 1930 put into force the budget of the previous year with a few additions. It is a positive fact that there has been no studied Budget since 1923 before Congress, but merely modifications made each year, and no really new Budget since 1915. This statement was made publically in Congress by Senator Diego Luis Molinari during the discussions, which were heated and many at the time the Budget for 1930 was presented, the principle speakers being Senators Ruza and Molinari. Senator Ruza stated as follows in regard to the Public Debt:

"In the year 1880 the Argentine public debt was only 58,000,000 pesos and the average interest on loans was 3½%. In 1904 a quarter of a century later, the public debt reached 426,000,000 pesos. In 1916 when the first radical government came in, the public debt was 1,719,988,625 pesos, and in 1922 it reached 2,175,654,362 pesos, without including the debt of the State Railways, which amounted to about 161,000,000 pesos, and in 1928 the debt was (more or less, because it was not possible to establish it exactly) 2,715,741,644 pesos."

Senator Molinari asked if he included in this debt the consolidated debt, and the "deuda exigible" that is - the debt payable at call - to which Senator Ruza replied that he did not include that, nor did he include the debt of the State Railways. The "deuda exigible" amounted to about 55,000,000 pesos, so that in reality the public debt was very close to three thousand million pesos. It was agreed that the interest on the public debt was about 34% of the Budget or somewhere between 800,000 and 1,000,000 pesos daily. Following the publication of this in the press Dr. Victor M. Molinari, former Minister of Finance under the Alvear government, made a statement in which he claims that of the increase of the public debt accredited to the Alvear administration 221,825,080 pesos gold or 504,147,909 pesos paper were a consolidation of debts contracted by the Irigoyen administration. While this discussion is of a political character it is of great interest.

Senator Molinari made the following interesting statement in Congress on January 23rd:

From: M.A. Argentina

Report No. 4149 April 28, 1930

## ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt. (Cont'd)

"On October 12, 1928, the Consolidated debt was 2,275,063,513.82 pesos: the non-consolidated debt, 414,985,155.31 pesos, and the exigible debt, 132,474,782.95 pesos. To pay the exigible debt there was on hand on October 12, 1928, 77,020,571.16 pesos, which left a "definitive" debt on that date of 55,454,211.79 pesos and a Treasury emission to be realized of 59,817,572.20 pesos. Expenditures pledged in the previous budget were 36,699,428.62 pesos, making a total of 2,842,019,881.74 pesos on October 12, 1928. The debt is to be analyzed as follows:

Consolidated internal debt	1,161,051,079.99 pesos
Foreign Debt	1,114,012,433.83 "

Short time obligations were divided as follows:

Treasury letters corresponding to those prolonged during many years and issued during the last presidency,	362,377,272.73 pesos
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To the Bank of the Nation on October 12,	15,909,090.91 "
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There were also debts with the Bank of the Province, the Banco de Italia and the Banco de Londres, which are being paid by the present Government; loans on security and bonds, 13,831,750; a special account for armaments with the Bank of the Nation, 20,540,701.35 pesos; that of the railroads with the Bank of the Nation, 2,326,340.32, making a total of 415,000,000 pesos in round figures.

The exigible debt for the fiscal year of 1928 was 62,493,575.66; from the previous fiscal years 44,059,593, 24.

The exigible debt on October 12 for the National Council of Education was 17,942,377.39; for the Municipality of the capital, 5,821,427.74; for the municipalities of the territories 2,177,861.92, making a total exigible debt of 132,479,782.95.

On December 31, 1922, the consolidated debt was 1,294,886,000 pesos; on October 28, 1928, it was 2,275, - 063,613.82 pesos, representing an increase of 980,177, - 512.92 pesos."

Senator Molinari also added that the balance of the payments of the country for the previous year make a deficit of 130,000,000 pesos and that term now beginning adds, more or less, 250,000,000 gold pesos deficit.

From: M.A. Argentina Report No.4149 April 28, 1930

## ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt. (Cont'd)

Senator Vidal, an opponent of the Government, referred to Senator Molinari's statement that the debt left by the Alvear Government was 1,000,000,000 pesos, and stated that a leading newspaper had taken figures from official documents showing that the debt of the said Alvear Government was 400,000,000 pesos, and that that of the first Irigoyen Government was 600,000,000 pesos. In the first presidency of Irigoyen the expenses outside of the budget amounted to 344,000,000 pesos and in the present administration they have already reached approximately 100,000,000 pesos.

In this connection we quote the translated summary of an article by Dr. Alejandro E. Bunge, entitled "The Fall of the Peso and Foreign Emissions".

The debt of the whole country, consolidated, floating and demand, of the nation, provinces and municipalities, amounts in round figures to 3,900,000,000 pesos m/n. This represents 348 pesos per inhabitant.

Spain with 365 pesos per inhabitant, Holland with 367, Belgium with 453, the United States with 470, Canada with 568, Italy with 558, Australia with 902, France with 1,052, England with 1,191, New Zealand with 1,955, all have a higher debt than Argentina.

Moreover, in the figures of these other countries are not included the municipal debts which are included in the Argentine figures. On the other hand, in some of these countries the proportion of the debt invested in creative work is greater than in Argentina. Of these 3,900,000,000 pesos of the official debt, 1,700 millions correspond to the foreign debt, or 152 pesos m/n per inhabitant. Annual amortizations of the public national, provincial and municipal debt amounted to more than 90 million pesos m/n, the greater part of these corresponding to the nation. Therefore every year another 90 millions could be emitted without increasing the debt.

The increase of the population annually amounts to 300,000 inhabitants, so that 104 million pesos could be emitted annually without increasing the per capita debt. It would therefore be possible to emit some 200,000,000 yearly without increasing the capital debt. In the years of big exports there would be issued in the country by the National Government from 15 millions of pesos a month or more, but in 1930 this would be difficult. It will probably be impossible to place more than three or more million a month in the country, or 70 million pesos during the year 1930.

For 1930 the possible emissions would amount to 400 millions of pesos without increasing the debt, 200 millions each for 1929 and 1930. There would be

From: M.A. Argentina

Report No. 4149

April 28, 1930

## ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt. (Cont'd)

emitted abroad, if necessary, rather more than 300 millions of pesos or upwards of 130 millions gold pesos, apart from the 70 millions of pesos for internal bonds. Dr. Bunge does not consider so large a sum will be necessary in 1930, provided that in the industries and other public services there should be an appreciable foreign investment, but this would only occur if there were exercised a frank policy of encouragement to foreign capital. It should also be remembered that the economic capacity of the country is growing more rapidly than that of the population. If the index of the per capita debt remains fixed in the Argentine, over a long period of time, the burden of the weight of the debt per inhabitant decreases by reason of the growth of the economic capacity and per capita wealth of the people. The national per capita patrimony in the Argentine was calculated in 1895 at 2,150 m/n per inhabitant, according to the national census; in 1908 at 3,825 m/n; in 1916, at 4,012, and at present he estimates it at 6,000 pesos per inhabitant. He suggests an emission of 20, to 30 millions of gold pesos in 1930 for building by public tender, roads that lead up to the railroad stations, to ports and other great cities. This would tend to avoid unemployment which he considers will be large within a few months. At present there are invested in Argentina a little more than 7,600,000, 000 pesos. Of these bonds, shares and debentures, some 4,800,000,000 belong to the residents of England, 1,600,000,000 to residents of the United States, and 1,200,000,000 to those of other countries. "Our double sympathy for England has the double justification of various generations of advantageous association and particularly with reaction against the unjust errors which have been circulated in regard to supposed imperialism of British capital and in regard to improbable fantasies such as those of the double bookkeeping of the railroads and of the capital."

"Investments of North American origin will contribute as in Canada together with the English capital to a strong impulse of production and reduction of its cost, which will be translated into the improvement of the standard of life of the working population, such as has occurred in the United States."

The immobilization of the 5 million pounds recently borrowed deprives the country for the present of what it hoped for in the matter of international exchange.

Dr. Bunge supposed that when the Banco de la Nacion has taken the necessary measures to effect

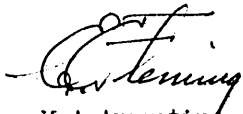
## ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt. (Cont'd)

rediscounts it will withdraw the gold from the Caja de Conversion, which is there to be deposited. In that manner the British loan could be used for selling exchange. During the two last weeks there have been exported 3,880 thousand pesos worth of cereals, but in the same period of the previous year there were exported 5,660 thousand pesos worth. He considers, however, that a good corn crop is more useful for its internal effects than a big wheat crop. He concludes by saying that everything leads to suppose that the international balance of payments will be unfavorable during 1930. It is very important to adopt immediately the necessary measures to reduce the imports and increase the introduction of foreign capital, and measures which would permit the national government to issue long term loans abroad for reproductive public works, for 200 or 300 million pesos m/n.

If the foregoing measures are not adopted it will be necessary to export more gold, up to 200 millions of pesos.

  
From: M.A.Argentina

Report No.4149 April 28, 1930



G-2 Report

CHIEF OF STAFF

MR. NIELSEN

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DEPARTMENT

Argentina (Economic)

Subject: Public Debt.

The very heavy reduction in importation during the past few months has, very evidently, created a difficult financial situation for the Government, with the usual consequence that indebtedness has been increased and will be increased. It is one of the drawbacks of Argentina that there is little or no financial administration of the country. The ordinary reaction of the officials in the Government House when informed that income has not been sufficient to cover expenditure, is to appeal for a foreign or local loan. As a result the people of Argentina are beginning to shoulder a really enormous burden of national and provincial indebtedness. This has been most clearly demonstrated in the recent annual report of the "Corporación de Tenedores de Títulos" which may be considered the Bondholders' Corporation of Argentina.

According to this report, it has been found extremely difficult to obtain exact figures of the indebtedness of the country, in that official departments do not seem to have prepared proper statements on the subject. The corporation does not therefore, guarantee the exactitude of its figures, but considers that the loans made to Argentina, foreign and local amount to \$4,160,080,132.10 of which \$2,841,932,198.17 m/n is to the nation \$695,541,408.28 to the province of Buenos Aires \$170,581,091.43 to the city of Buenos Aires and the remainder to the other provinces and municipalities. Calculating a population of 12,000,000, it is found that the per capita indebtedness is \$347 m/n. On top of this there are more than \$1,600,000,000 in cédulas and mortgage bonds on the market.

These figures are worthy of the most careful consideration. It is admitted that there has been a huge augmentation of indebtedness during the course of the past few years. The policy of obtaining a loan for the covering of ordinary expenditure has been followed for more than fifteen years. The country looks upon one source of income for covering operating expenses and when this source tends to decrease immediate recourse to a loan is made. There is no attempt to balance revenue and expenditure so as to make the country self-supporting. The Budget of one year is adopted for the following always calculating that Customs income will be high. This revenue has been low for some time and as a result there is little possibility of the year closing with other than a debit balance. To cover this there has always been heavy borrowing, on short term, in the markets of the world, the expectations being that by the time the loans fall due it will have been possible to float long term loans.

The following is an outline of the statement published by the Bondholder's Corporation in their annual report which gives the approximate figures for the public debt of the Nation at June 30th, 1930.

From: M.A. Argentina. Report No. 4193 July 21st, 1930

## ARGENTINA (Economic)

## Subject: Public Debt.

<u>Debt of the Nation</u>	<u>\$ m/n</u>
The consolidated External and Internal Debt of the Nation on June 30th, 1930 was approx.	2,276,437,743.63
The External Debt being approx. \$1,051,435.000	--
The Internal Debt being approx. \$1,225,002.743.63	--
<u>Short term Loans:</u>	
Loans from Baring Bros. to become due on Dec. 31st, 1930 for £5,000,000 or \$57,272,727.27...	--
Loan from Chatham Phoenix Bank to become due in October 1930, renewable for \$50,000,000 U.S. or \$117,772,727.27.....	--
Floating debt approx. \$390,450,000 m/n.....	565,494,454.54
Total of the general debt.....	\$2,841,932.198.17

Debt of the Nation, Provinces and Municipalities:

	<u>\$ m/n</u>
Nation.....	\$2,841,932.198.17
Provinces:	
Buenos Aires.....	695,541,408.28
Santa Fe.....	94,824,580.43
Córdoba.....	77,971,192.30
Mendoza.....	74,893,452.72
Tucumán.....	32,551,865.35
Entre Ríos.....	21,409,504.-
Santiago del Estero.....	9,699,581.77
Corrientes.....	13,875,835.65
San Juan.....	7,656,561.36
Salta.....	2,478,654.87
San Luis.....	3,502,460.-
Catamarca.....	639,682.72
La Rioja.....	1,000,000.00
Jujuy.....	2,600.446.04
Municipalities:	
Federal Capital.....	170,581,091.43
Other Municipalities.....	108,921,616.71

General total ..... \$4,160,080,132.10

The report of the "Corporación de Tenedores de Títulos y Acciones gives the development of the consolidated debt of the Nation as follows:

From: M.A. Argentina

Report No. 4193

July 21, 1930

## ARGENTINA (Economic)

## Subject: Public Debt

<u>Years</u>	<u>Total Debt External &amp; Internal</u>
---	---
	\$ m/n
1915.....	1,121,779.000
1916.....	1,242,472.000
1917.....	1,353,205.000
1918.....	1,314,148.000
1919.....	1,285,246.000
1920.....	1,257,434.000
1921.....	1,277,726.000
1922.....	1,294,886.000
1923.....	1,315,754.000
1924.....	1,523,582.000
1925.....	1,743,972.000
1926.....	1,845,855.000 (1)
1927.....	2,155,518.000 (2)
1928.....	2,268,082,829 (3)
1929 (to June 30) (Approximately)...	2,229,604.000
1930 (from July 1, 1929 to June 30, 1930 approximately).....	2,276,437,743 (4)

(1) \$397,059,091 should be added for the floating debt not including that of the State Railways. (According to a report on the financial position of the State Railways as at December 31st 1928, submitted recently by the management to the Ministry of Public Works, it would appear the \$41,209,500 paper are required in order to put the finances of the Department in order).

(2) Purchase of armaments war ships and repairs to same for the Navy, adding \$413,440,376 for floating debt.

(3) \$437,712,155 should be added for floating debt and short term debts.

(4) \$565,494,454.54 should be added for floating debt and short term debt.

From: M.A. Argentina

Report No. 4193

July 21st, 1930

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WAR DEPARTMENT

G-2 Report

## ARGENTINA (Economic)

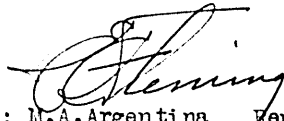
Subject: Public Debt.

(a) Domestic Debt.

Owing to the state of exchange the Buenos Aires Municipality made an excellent profit on their recent loan taken up in New York, some \$43,500,000 paper being obtained for the \$16,052,000 U.S., for which the obligation was signed. Part of this money was needed to pay for the various expropriations made in connection with street widening, but inasmuch as certain expenditure in this direction has been stopped for the time being, the new Municipal Intendente, Senor Jose Guerrico, has offered \$18,000,000 paper to the National Government at a flat rate of 5 per cent per annum. This is half of one per cent less than the rate which the Municipality must pay to the New York bankers, but the loss in this direction is more than made up by the exchange profit aforesaid. This unexpected accession of funds will allow the Government to make further payments to firms having accounts of old standing to collect from the state, and that without any delay, thus helping to lighten the general commercial burden, heavily weighted, as is known, by the procrastination of the late government. It is also said that an effort will be made to cover as many of the small credits as is possible by persuading those more important firms who are in the position to do so, to take government bonds, though there will be no pressure of any sort exercised in this direction.

On September 19th, the above loan was accepted. The terms as arranged are 5 per cent per annum, and it has been decided to take up the money in quotas, as required, the Municipality having the right to request return of all or part of the money at eight days notice. The Government is empowered to return all or part of the loan at any moment, without notice.

As the accommodation will virtually constitute a current account, the Government will pay interest at the rate of 5% on the outstanding balance at the end of each quarter.

  
From: M.A.Argentina Report No.4238 November 4,1930

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt.

The confidence commanded by the Provisional Government in financial quarters was emphasized on September 10th, when local and foreign bankers who had been asked to lend the State from \$40,000,000 to \$45,000,000 offered more than twice that amount.

At the head of the list were the Bank of the Province of Buenos Aires, and the Bank of Italy & the River Plate, which signified readiness to accord credits of \$10,000,000. The Bank of London and the River Plate the Anglo-South American Bank, the National City Bank of New York, and the First National Bank of Boston offered \$5,000,000 each.

In addition to satisfactory replies to the Government's request for credit from several purely local institutions, most of the foreign banks are represented in the list drawn up at a conference with the Minister of Finance on September 10th.

It took the bankers less than twenty-four hours to make up their minds to stand by General Uriburu's Administration.

Dr. Enrique Perez, the Minister of Finance, called the Bank managers into conference on September 9th, and the amount each institution was prepared to lend was in his possession on the morning of September 10th.

Even more notable than the spontaneous nature of the bankers response are the terms under which the money is offered: 180 days at 5 per cent, with the stipulation by the Minister that the paper issued by the Government in connection with the loans shall not be re-discounted with the Bank of the Nation.

A list of the credits the banks are willing to accord is as follows:

Bank of the Province of Buenos Aires	\$10,000,000
Bank of Italy and River Plate	10,000,000
New Italian Bank	5,000,000
Bank of London & South America	5,000,000
Anglo-South American Bank	5,000,000
National City Bank of New York	5,000,000
Bank of Boston	5,000,000
French Bank	5,000,000
E. Tornquist & Co.	5,000,000
Deutsche Uebersee Bank	5,000,000
German Bank of River Plate	5,000,000
El Hogar Argentino	3,000,000
Bank of Galicia	3,000,000
Banco Popular	3,000,000
Royal Bank of Canada	3,000,000
Spanish Bank of River Plate	3,000,000

From: M.A. Argentina

Report No. 4239

November 4, 1930

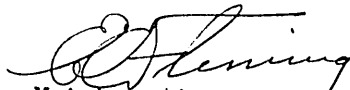
## ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt. (Cont'd)

Bank of Avellaneda	1,000,000
Dutch Bank of River Plate	1,000,000
Banco Argentino-Uruguayo	3,000,000
Banco Frances y Italiano	2,500,000
Banco Italo-Belga	1,000,000

Dr. Perez has, however, estimated that something like half this sum will suffice for present needs, and therefore arranged to take the first instalment; that is to say the net proceeds of the discount of \$15,475,000 paper in treasury bills at 5½% per annum, with further similar amounts to be discounted on the 22nd of September and the 1st of October. The proceeds of this operation, which was shared pro rata among the various banks, has been duly credited to the Treasury account in the Banco de la Nacion Argentina. At the same time the amount of the excess overdraft of the late Government, namely \$139,317,383 paper has been taken out of that account and set apart in order to enable a clear distinction to be made between the authorized facilities available to the Government and the irregular sum for which the late Government are, in theory at any rate, wholly responsible.

  
From: M.A. Argentina Report No. 4239 November 4, 1930

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt.

It has been stated that Argentina's credit for short-term accommodation is better at present than at any previous period, and on September 23rd, the Provisional Government accepted the offer of Brown Brothers, of New York, to lend \$50,000,000 dollars at 5 per cent. for one year, the corresponding bonds to be issued at par.

The money will be used to cancel an Irigoyenist obligation for an equal amount expiring on October 1st, which cost the former Administration 6.3 per cent.

When the Provisional Government announced its intention to renew the \$50,000,000 dollar six months' loan, contracted by the Irigoyenist Administration with the Chatham-Phoenix Corporation, three offers were received from other financial houses in the United States.

It was decided in advance that, all conditions being equal, the renewal would be made with the Chatham Phoenix Corporation, but better terms were quoted by Messrs. Brown Brothers, of New York.

This last-mentioned house was represented in the negotiations by Messrs. Aldao, Del Valle & Aldao, while Messrs. Tornquist & Company submitted a tender for the Chase Securities and Blair Corporations, and Dr. D.M. de Acosta on behalf of the Chatham-Phoenix Corporation in its character as a member of the Syndicate formed by the Guaranty Trust Co., of New York and the First National Old Colony Corporation, with which is associated the First National Bank of Boston.

As already mentioned the most favorable offer was presented by Messrs. Brown Brothers, whose conditions were: 4.90 per cent. (actual rate) for six months, and 5 per cent (actual rate) for one year, the corresponding bonds to be issued at par.

The rate of 4.90 per cent. fixed by the lenders for an operation at 180 days represents a difference in favor of the Provisional Government of 1.13 per cent. compared with the actual rate of 6.3 per cent paid by the Irigoyenist regime for the loan to be cancelled with the proceeds of this new transaction.

Minister of Finance officials have stated that they could recall no occasion when the Argentine Government had been able to obtain short-term accommodation under such favourable conditions.

Within an hour of opening the tenders in the Ministry of Finance on September 23rd, it was decided to accept Messrs. Brown Brothers' offer, Messrs. Aldao, del Valle and Aldao, being informed to that effect in an official communication on September 23rd.

From: M.A.Argentina      Report No.4240      November 4,1930

## ARGENTINA (Economic)

Subject: Public Debt.

## (b) Foreign Debt. (Cont'd)

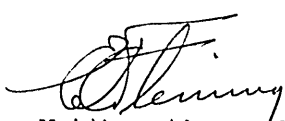
It is interesting in view of the above claim made by Government officials, to note the actual rate paid by Argentina on short-term loans since 1914:-

<u>Bankers</u>	<u>Date</u>	<u>Amount</u>	<u>Actual Rate.</u>
London City & Midland Bank.	1-22-14	£ 3,000,000	6.383
National City Bank.	12-12-16	\$ 16,800,000	6.185
Hallgarther & Co.	2-9-16	\$ 18,500,000	6.278
Blair & Co. & Chase Security Corporation.	2-11-25	\$ 20,000,000	5.534
J.P.Morgan & Co.	1-6-25	\$ 10,000,000	5.333
J.P.Morgan & Nat.City Bank	27-9-26	\$ 20,000,000	5.788
J.P.Morgan & Nat.City Bank	18-3-27	\$ 20,000,000	5.523
J.P.Morgan & Nat.City Bank	21-9-27	\$ 12,000,000	5.128
J.P.Morgan & Nat.City Bank	23-3-28	\$ 12,000,000	5.391
Chatham Phoenix Corporation	8-4-30	\$ 50,000,000	6.03

The decree of acceptance of the Brown Brothers' loan showed that the lenders agree to purchase from the Government \$50,000,000 dollars worth of Treasury Bonds at par, bearing interest (payable quarterly) at the rate of 5 per cent free of commission and expenses save those of printing and authentication of the Bonds.

The Bonds will be dated October 1st, 1930, and will expire on October 1st, 1931, when they will be taken up by the Government in the offices of the lenders, in New York City.

The decree also states that the lenders will place the \$50,000,000 dollars in the Argentine Embassy in Washington on September 29th, less interest at the rate of 5 per cent. per annum for the period from September 29 to October 1, on which date the loan enters into force. The Government undertakes to return the money two days before the expiration of the term arranged.

  
From: M.A. Argentina / Report No.4240 November 4, 1930



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WAR DEPARTMENT

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt.

With reference to our Report No.4239 of November 4th, 1930, with regard to loan made by local and foreign bankers in Buenos Aires to the Provisional Government, Dr.Enrique Perez, the Minister of Finance called a meeting of the bankers on November 12th, with a view to taking up the balance of the \$100,000,000 m/n of which sum \$46,425,000 has already been taken up in three quotas at intervals of two or three weeks.

Dr.Perez called the bankers into conference in order to hear their opinion regarding the use by the Government of the remainder of the sum referred to and also to discuss a suggestion from the bankers themselves that the Government, instead of issuing Treasury bills in return for the money, should hand over Credito Argentino Interno Bonds. It was intimated by the Bankers that already issued Bonds, or new Bonds under existing Congressional authorisation, would be equally acceptable. The conference was adjourned until November 13th, when the bankers informed the Minister of Finance of their decision in the matter.

In connection with the suggestion to issue new Credito Interno Bonds it was pointed out that there is authority for the issue of \$450,000,000 worth, but that it has not been made use of in the course of the past two or three years.

Negotiations were concluded on November 15th, as outlined above that is: nine of the twenty-two banks participating in the operation electing to grant the credit in exchange for Credito Argentino Interno 1927, 6 per cent Bonds; the remainder completing the loan in accordance with the original agreement made in September; that is to say, against the delivery to them of Treasury notes. The balance of the loan to be obtained by the Provisional Government under the agreement is approximately \$46,000,000,

Dr.Perez, the Minister of Finance, agreed to issue the bonds at a rate rather lower than was expected in some financial circles: 95.20 ex-coupon.

The average market quotation for these bonds during the current year has been 96.71, and, taking into consideration the interest that will accumulate between the date of delivery to the bankers and placing with the public, it has been calculated that they will reach the 96.90 mark. The difference between the price of delivery and actual market value will, of course, represent a profit to the taking part in the operation.

With a view to co-ordinating their efforts to market the bonds, the nine banks referred to have formed a temporary consortium, and, it is stated they will conduct a joint campaign of propaganda for the purpose of attracting public

From: M.A.Argentina Report No.4248 November 19, 1930

ARGENTINA (Economic)

Subject: Public Debt.

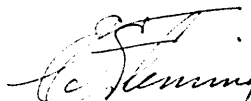
(a) Domestic Debt. (Cont'd)

attention to the offer.

It will also be one of the tasks of the consortium to watch the market for the bonds, with a view to maintaining the quotation.

This part of the scheme was suggested by the Provisional Government, with a view to facilitating the gradual emission of the \$370,000,000 worth of the same bonds which might have been issued by the Irigoyenist Administration, but which, for diverse reasons, were not.

In this connection, it has been stated that the failure of the former Government to market the bonds to finance public works was largely responsible for the lack of public funds in hand at the time of the Revolution.

  
From: M. A. Argentina Report No. 4248 November 19, 1930.

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G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt.

Further to our Report No.4248 of November 19th, the Minister of Finance, Dr.Enrique Perez, on November 18th, published a list of the banks that had decided to accept Credito Interno 6 per cent. Bonds instead of Treasury notes in connection with the taking up of the balance of the \$100,000,000 loan negotiated in September.

The banks, together with bonds taken up by them, are as follows:

Ernesto Tornquist	\$2,573,500
First Nat.Bank of Boston	2,573,500
New Italian Bank	2,573,500
Banco Germanico	2,573,500
Banco Espanol	2,573,500
Banco El Hogar	2,573,500
Banco Argentino-Uruguayo	1,654,000
Banco Italo-Belga	577,700

Among the institutions preferring to lend the balance of their quotas against Treasury notes were: the Bank of London & South America, Anglo-South American Bank, National City Bank of New York, Bank of the Province of Buenos Aires, and Italian Bank of the River Plate.

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G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(a) Domestic Debt.

On June 23rd a decree was issued through the Department of Finance, and signed by the Cabinet Ministers, authorizing the Department in question to issue \$10,000,000 a month in treasury notes for six consecutive months, to make a sum of \$60,000,000 to pay the most urgent of the outstanding accounts contracted prior to the beginning of the current year. The proceeds of these notes will be handed over to the creditors of the state who have furnished works, buildings, services etc. which have been duly approved but are not yet paid for. They will be amortised at the rate of 20 per cent every ninety days. They will earn 6% interest per annum payable in advance, and will be placed at par.

It is calculated that in spite of the fact that debts to the amount of \$26,000,000 to contractors, railway companies and other providers of service to the State were paid off last year, there are still accounts to the amount of \$147,744,000.- to be paid off. Part of this sum, it is claimed, is accounted for by expenditure of an unnecessary character authorized by the deposed Government, but as this is not the fault of those who provided the goods or services, delay in payment must be reduced to the minimum, as some of the creditors are in difficulties in the matter of meeting their own particular obligations. The total above mentioned includes sums due to different departments for wages to men employed in public works etc. subsidies due to provinces, wage bills for sanity works and other official accounts. There is nevertheless a sum of over \$31,000,000 which the government owes to private contracting and merchant firms, to the railways and to shipping companies. This measure of the Government will no doubt bring welcome relief to numerous private firms and individuals.

  
From M.A. Argentina

Report No. 4389

July 2, 1931.

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt:

Towards the end of August it was announced that the Minister of Finance was negotiating with local entities in an effort to obtain funds to meet the loan from Brown Bros. & Co. of 50,000,000 dollars due in New York on October 1st. (See our Report No. 4240 of November 4, 1930). On September 4th, the Ministry of Finance issued a statement to the effect that funds had been raised, contributions being distributed as follows:

BANKS:

Aleman Transatlántico .....	\$ 3,500,000
Anglo Sud Americano .....	5,000,000
Italo-Belga .....	750,000
Español del Rio de la Plata .....	5,000,000
Holandés de la America del Sud .....	750,000
Francés e Italiano para America del Sud ..	1,000,000
Galicia y Buenos Aires .....	3,000,000
Germanico de la America del Sud .....	2,000,000
Italia y Rio de la Plata .....	8,000,000
Londres y America del Sud .....	5,000,000
Nuevo Banco Italiano .....	5,000,000
Popular Argentino .....	4,000,000
Provincia de Buenos Aires .....	8,000,000
Frances del Rio de la Plata .....	4,000,000
Argentino-Uruguayo .....	3,000,000
Royal Bank of Canada .....	2,000,000
Avellaneda .....	1,000,000
El Hogar Argentino .....	5,000,000
Ernesto Tornquist & Cia. Ltda. ....	5,000,000
Supervielle & Cia. ....	1,000,000
TOTAL ...	\$ 72,000,000

NATIONAL INSURANCE COMPANIES:

Sud America, Cia. Nacional de Seguros .....	\$ 1,000,000
El Comercio .....	1,000,000
La Continental .....	1,000,000
La Ibero-Platense .....	200,000
Union Comerciantes .....	200,000
Espana y Rio de la Plata .....	150,000
La Rosario .....	500,000
La Mundial .....	200,000
La Buenos Aires .....	300,000
La Boston .....	100,000
La Germano-Argentina .....	300,000
El Fenix Sud Americano .....	50,000
La Holanda Sud Americana .....	100,000
La Minerva .....	50,000
La Republica .....	100,000
Sol Argentino .....	200,000
La Rural .....	500,000
La Italia .....	200,000
Galicia y Rio de la Plata .....	250,000
Prudencia .....	150,000
La Economia Comercial .....	200,000

From M.A. Argentina Report No. 4422 September 10, 1931.

## ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt:

La Inmobiliaria .....	\$ 500.000
La Previsora .....	1.000.000
La Anglo Argentina .....	150.000
Providencia .....	150.000
Victoria .....	150.000
Nora .....	150.000
Colón .....	100.000
La Equitativa del Plata .....	200.000
Cia. Argentina Jose Gamba Limitada .....	200.000
Coerfire .....	200.000
America .....	100.000
La Estrella .....	400.000
La Americana .....	250.000
La Agraria .....	100.000
El Condor .....	20.000
TOTAL .....	\$ 10.420.000

FOREIGN INSURANCE COMPANIES:

Alliance Insurance Company, Ltd. ....	300.000
Atlas Assurance Co. Ltd. ....	400.000
Commercial Union Assurance Co. Ltd. ....	400.000
General Accident Fire & Life Assurance Co. ....	100.000
Guardian Assurance Co. Ltd. ....	300.000
Law Union & Rock Insurance Co. Ltd. ....	200.000
Liverpool London & Globe Insurance Co. Ltd. ....	400.000
London Assurance .....	200.000
London & Lancashire Insurance Co. Ltd. ....	200.000
New Zealand Insurance Co. Ltd. ....	200.000
North British & Mercantile Insurance Co. ....	300.000
Northern Assurance Co. Ltd. ....	300.000
Norwich Union Fire Insurance Society Ltd. ....	300.000
Norwich Union Life Insurance Society Ltd. ....	170.000
Phoenix Assurance Co. Ltd. ....	300.000
Prudential Assurance Co. Ltd. ....	400.000
Los Países Bajos (Netherlands) .....	150.000
Royal Insurance Co. Ltd. ....	400.000
Royal Exchange Assurance Co. ....	300.000
Scottish Union & National Insurance Co. ....	250.000
Sun Insurance Office .....	300.000
Union Assurance Society Ltd. ....	400.000
Yorkshire Insurance Co. Ltd. ....	200.000
Aachen y Munich de Aachen, Alemania .....	150.000
L'Union, Cie. D'Assurances Centre L'Incendie, de Paris .....	200.000
New Zealand Mortgage Co. ....	100.000
TOTAL .....	\$ 6.920.000

VARIOUS:

Mercado a Término .....	\$ 1.000.000
Cia. Central de Electricidad .....	1.000.000
Italo Argentina de Seguros .....	100.000
Pedro Lacau .....	250.000
Columbia, Cia. de Seguros .....	250.000
Cia. Italo-Argentina de Electricidad .....	1.000.000

From M.A. Argentina Report No. 4422 September 10, 1931.

## ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt:

Sol de Canada .....	\$ 750.000
Weill Knos .....	250.000
Bolsa de Comercio .....	1.000.000
River Plate Trust Loan .....	500.000
Cia. Hispano Americana de Electricidad..	1.000.000
Luis de Bidder Ltda. ....	1.000.000
Bunge & Born Ltda. ....	3.000.000
Luis Dreyfus Ltda., .....	1.000.000
Eduardo Soulas Ltda. ....	1.000.000
Compania Fabril Financiera .....	200.000
La Papelera Argentina .....	200.000
Itaca Compania Petrolifera .....	100.000
Caledonia Argentina .....	40.000
International Harvester C.A., .....	500.000
Montalegre Ltda., .....	200.000
La Forestal Argentina S.A., .....	1.000.000
La Patria, Cia. de Seguros .....	30.000
Cia. de Hipoteca de Tierras de N. Zelandia	
Rio de la Plata .....	100.000
Frigorifico Swift de la Plata .....	1.000.000
Frigorifico Anglo S. Americano Meat Co.	1.000.000
Frigorifico Armour y La Blanca .....	1.000.000
Frigorifico Sansinena Carnes Congeladas	500.000
Frigorifico Wilson de la Argentina ....	250.000
Frigorifico The Smithfield & Arg. Meat Co.	250.000
TOTAL .....	\$ 19.470.000

RESUMÉ:

Banks .....	\$ 72.000.000
National Insurance Companies .....	10.420.000
Foreign Insurance Companies .....	6.920.000
Various .....	19.470.000

GRAND TOTAL ..... \$108.810.000

Note: (It was also stated that fresh funds were being received and that the Ministry would make use of such as were necessary)

On September 7th the first payment towards the cancellation of the loan was made when Argentine Gold pesos to the value of \$10,000,000 dollars were shipped by the s/s "Northern Prince". The gold was withdrawn from the Caja de Conversion against deposit of the equivalent in paper by the Bank of the Nation. Since the transaction was effected, the gold in the Caja and in the Argentine Legations amounts to 308,941,371.

From M.A. Argentina Report No. 4422 September 10, 1931.

*Victoria L. Julia*  
 Clerk: -3-

OFFICE CHIEF OF STAFF  
W. L. INTEL DIV.

4-1

NOV 2 2347-L-36 1931

WAR DEPARTMENT  
5030

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt:

On the 12th and 21st of September the Bank of the Nation made the second and third shipments of gold to the United States, in the amount of 10,000,000 and 5,000,000 dollars respectively, to meet the loan of 50,000,000 maturing on the 1st of October.

At the same time the Provisional Government entered into negotiations with the local representatives of Brown Bros. & Co. for the renewal of 50 per cent of the loan. On the 22 of September it was officially announced that the negotiations had been completed for 25,000,000 dollars, the renewal to carry interest at the rate of 6 per cent and be amortizable in two equal quotas at 180 and 270 days. It was stated that 20,000,000 dollars would be subscribed by the above mentioned bankers, and the remaining 5,000,000 would be covered by the offers recently made by local foreign companies. (Refer to our Report No. 4422 of September 10, 1931.)

2347-L-26/7

From M.A. Argentina

Report No. 4432

October 6, 1931.

*Victoria L. Julia*  
Clerk:



4-1 23 2347-2.36 1932  
11  
5030

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt:

In view of the agreement arrived at between the Argentine Government and Messrs. Baring Brothers and Morgan Grenfell & Co., of London, with regard to the settlement of Argentina's £2,500,000 loan, the Provisional Government has issued a decree as follows:

"The Argentine Government having decided to meet, before the 31st of December 1931, the amount of the Treasury Drafts issued for £2,500,000, in accordance with the decree of December 16th 1930, which fall due on the first mentioned date, and in view of the proposal made by Messrs. Baring Brothers & Co.Ltd., and Morgan Grenfell & Co., of London, who offer to discount at 6½% Treasury Drafts issued by the Argentine Government up to a total of £1,250,000 which are not renewable, with which amount half the drafts, which are falling due, can be met. The other half will be settled by the Government from funds obtained from other sources.

The President of the Provisional Government of the Argentine Nation, decrees:

Art. 1. That the operation mentioned in the preamble of this decree is accepted under the following conditions:

a) The Government of the Nation will deliver Treasury Drafts for a total of £1,250,000, in London, before the 29th of December 1931, which will be signed by the Argentine Ambassador in Great Britain, (or by the person who may be replacing him) and who will deliver them in the proportion fixed by the Bankers.

b) The Drafts will be dated 31st December 1931, and will fall due as follows:

£250,000 on the 15th of February 1932.  
£250,000 on the 15th of April 1932.  
£250,000 on the 14th of May 1932.  
£250,000 on the 15th of June 1932.  
£250,000 on the 15th of July 1932.

(not renewable) and will be paid by the National Government on their respective due dates at the offices of Messrs. Baring Bros. & Co. Ltd.

c) This operation will be free of any Argentine tax, either existing ones or future ones. The Argentine Government will pay the English Stamp Tax of 1/2 c/oo.

d) Messrs. Baring Brothers & Co.Ltd., and Morgan Grenfell & Co. will effect the discount of the drafts mentioned in this decree, at the rate of 6½% per annum, plus the payment of 1/4% on the nominal total, solely to cover expenses.

From M.A.Argentina Report No. 4467 December 18, 1931.

ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt:

e) The Argentine Government will pay these drafts at their due dates with gold remittances if Messrs. Baring Brothers & Co. Ltd. so wish it.

f) With what is produced by this discount half of the amount of the Drafts issued for £2,500,000, in accordance with the decree of the 16th of December 1930, which fall due on the 31st of December prox., will be met. The National Government will pay in cash the other half of the amount of the drafts which also fall due on the 31st of December prox.

g) The Argentine Government will abstain from using the London Market for new credits without the consent of the Bankers, during the term of three months as from the 31st of December 1931.

Art. 2. Let the Argentine Embassy in London, the Accounting Department of the Nation, and the Banco de la Nación be advised, publish and file."

(Signed) Uriburu. - Enrique Uriburu.

The Minister of Finance, Dr. Enrique Uriburu, spoke of the transaction as a statesmanlike act on the part of Britain and in comments issued to the Press made the following statements:

"I wish to express my profound satisfaction at the agreement arrived at between the Government and Messrs. Baring Brothers and Morgan Grenfell & Co. of London."

"The English Bankers took the initiative in the matter, pointing out that as both Argentina and Great Britain were in economic difficulties, it would only befall if a mutual arrangement could be arrived at for repaying the loan in as equitable a manner as possible."

"I consider that they acted not from a purely banking and commercial point of view, but from the standpoint of statesmen anxious to take the long view and to do all in their power to let this arrangement be carried out in a manner conducive to the good relations between the two countries."

"The Argentine can feel gratified that such a fine feeling of friendship pervaded the negotiations and in fact set a standard of international commercial relations which cannot be bettered, and which should stand as an example of how to cultivate and extend the good feeling and friendship between two countries."

From H.A. Argentina

Report No. 4467

December 18, 1931.

CONFIDENTIAL

OFFICE CHIEF OF STAFF  
W. L. INTEL. DIV.

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt.

We have just received definite information of good news for the Argentine Government on one of their principal financial worries. A loan of \$26,000,000 U.S. Currency owed to a group of bankers in the United States falls due on the 1st of April. The Argentine Government wished to renew this loan and so informed Mr. Crane, a representative of Brown Brothers who are acting for the group above mentioned. They stated they could not pay anything on the principle at this time, while Mr. Crane insisted that his people would not renew the loan and would demand payment.

The situation has been very embarrassing. One could hardly criticize either side for the stand they were taking, both of which seemed completely justified. However, as you realize, it again unfortunately put the United States in the light of the hard creditor demanding his payment. Only late last evening did Mr. J. Drumm, the Manager of the National City Bank here, impress upon President Justo himself that if they made an attempt to pay something, in addition to the service, some extension arrangements might be made. The President finally thought that something must be done, and calling in Dr. Alberto Hueyo, the Minister of Finance, instructed him to make arrangements to pay 10% of the loan. Whereupon, Dr. Drumm called New York on the long distance telephone and through Mr. Mitchell, of the National City Bank, got the interested parties in the United States to agree to accept the 10% and grant an extension of nine months. This was a great relief, and President Justo was overjoyed. On the advice of Mr. Drumm, he immediately cabled Dr. Felipe Espil, the Ambassador in Washington, to negotiate the terms of the renewal, and endeavor to make the extension for one year, which we believe will be the final outcome.

The present arrangements are to pay the 10% as follows: \$1,300,000 on April 1st, and \$1,300,000 on July 1st, with a nine months' extension on the balance. We believe that these arrangements will definitely save the peso from further fall in the immediate future and, if they promptly push their interior loan, which they are apparently going to do, the situation will probably be saved in total. As remarked in our other report (No. 4535), we do not believe that they can obtain anything like 500,000,000 pesos, but, if pushed in the same manner as our liberty loans during the War, they should be able to obtain 100 to 150 millions within the first year.

Mr. John C. White, our Charge d'Affaires, cabled the above information to the State Department this morning.

Source of Information: Mr. J. Drumm.

From M.A. Argentina

Report No. 4539

March 23, 1932.

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OFFICE CHIEF OF BUREAU  
MIL. INTEL. DIV.  
2347-L-36  
13  
DEPARTMENT

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt.

(c) Acquisition of New Loans:

On April 8th a decree was issued through the Ministry of Finance approving the renewal of £1,000,000 on the loan owed to Messrs. Baring Bros. and Morgan Grenfell & Company of London. (See our Report No. 4467 of December 18, 1931.)

The £1,000,000 corresponds to the drafts which were to have fallen due on the 15th day of the months of April, May, June and July 1932. The renewal drafts, also for £250,000 each, will fall due on the 15th day of the months of January, February, March and April 1933. The terms of the renewal of the loan are equivalent to those outlined in our previous report, the rate of interest being the same as before - namely 6½% per annum.

In a statement to the Press, the Minister of Finance expressed his satisfaction at the agreement reached with Baring Bros., as it demonstrates great confidence in the Argentine Republic and its Government, on the part of London banking circles.

This renewal, as well as the renewal of the loan with Brown Bros. of New York (See Report No. 4539) has greatly alleviated the present urgent situation of the Treasury. By next year, it is presumed that the country will be in a better position to meet its obligations, in view of the financial measures which have been submitted, and will be submitted, to Congress.

From U.A. Argentina

Report No. 4554

April 15, 1932.

FOR OFFICIAL USE  
ONLY

G-2 Report

ARGENTINA (Economic)

Subject: Public Debt

(b) Foreign Debt.

APPROXIMATE SERVICE REQUIREMENTS ON EXTERNAL  
FUNDED DEBT (1) YEAR 1932 (In U.S.dollars)

<u>ARGENTINE GOVERNMENT</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>
Dollars	1,595,000	2,800,000	1,631,000
Pounds Sterling	-	606,730	3,087,718
Francs	-	-	383,281
Pesetas	-	338,153	-
Gold Pesos (6)	-	1,454,395	-
	<u>1,595,000</u>	<u>5,199,278</u>	<u>5,101,999</u>
<u>PROVINCES</u>			
<u>BUENOS AIRES</u>			
Dollars	1,438,500	-	450,000(2)
Pounds Sterling	-	-	297,033
Francs	-	-	-
Marks	-	-	269,635
Total	<u>1,438,500</u>	<u>-</u>	<u>1,017,168</u>
<u>CORDOBA</u>			
Dollars	-	-	-
Pounds Sterling	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
<u>CORRIENTES</u>			
Pounds Sterling	106,125	-	-
<u>MENDOZA</u>			
Dollars	-	-	-
Francs	86,829	-	-
Total	<u>86,829</u>	<u>-</u>	<u>-</u>
<u>SAN JUAN</u>			
Francs	-	-	36,179
<u>SANTA FE</u>			
Dollars	-	509,400	-
Francs	-	254,063	-
Total	<u>-</u>	<u>763,463</u>	<u>-</u>
<u>TUCUMAN</u>			
Dollars	-	-	95,500
Francs	72,719	-	-
Total	<u>72,719</u>	<u>-</u>	<u>95,500</u>
Total Provincial	<u>1,704,173</u>	<u>763,463</u>	<u>1,148,847</u>
<u>CITIES</u>			
<u>BUENOS AIRES</u>			
Dollars	-	-	237,800
Pounds Sterling	728,401	-	-
Total	<u>728,401</u>	<u>-</u>	<u>237,800</u>
BAHIA BLANCA - Francs	-	-	-
CORDOBA - Dollars	-	-	179,300(5)
ROSARIO - Sterling	-	-	-
SANTA FE- Dollars	-	-	106,125
- Sterling	-	51,055	-
Total	<u>-</u>	<u>51,055</u>	<u>106,125</u>
TUCUMAN - Dollars	-	-	-
Total Municipal	<u>728,401</u>	<u>51,055</u>	<u>523,225</u>
GRAND TOTAL	4,027,574	6,013,796	6,774,071

From M.A.Argentina Report No.4732 August 23,1933

## ARGENTINA (Economic)

Subject: Public Debt

## (b) Foreign Debt

(Cont'd from Page 1)

APPROXIMATE SERVICE REQUIREMENTS ON EXTERNAL  
FUNDED DEBT (1) YEAR 1932 (In U.S.dollars)

ARGENTINE GOVERNMENT	APRIL	MAY	JUNE
Dollars	1,442,000	2,625,000	-
Pounds Sterling	-	-	4,809,050
Francs	-	-	-
Pesetas	-	338,153	-
Gold Pesos (6)	-	1,018,076	2,042,397
Total	1,442,000	3,981,229	6,851,447
<u>PROVINCES</u>			
<u>BUENOS AIRES</u>			
Dollars	687,400	-	437,800
Pounds Sterling	-	453,507	1,428,112
Francs	470,520	-	-
Marks	-	-	-
Total	1,157,920	453,507	1,865,912
<u>CORDOBA</u>			
Dollars	-	-	297,150
Pounds Sterling	-	-	71,254
Total	-	-	368,404
<u>CORRIENTES</u>			
Pounds Sterling	-	-	-
<u>MENDOZA</u>			
Dollars	-	291,850	-
Francs	86,829	-	-
Total	86,829	291,850	-
<u>SAN JUAN</u>			
Francs	-	-	36,179
<u>SANTA FE</u>			
Dollars	-	-	-
Francs	-	-	-
Total	-	-	-
<u>TUCUMAN</u>			
Dollars	-	-	-
Francs	72,719	-	-
Total	72,719	-	-
Total Provincial	1,317,468	745,357	2,270,495
<u>CITIES</u>			
<u>BUENOS AIRES</u>			
Dollars	-	-	318,375
Pounds Sterling	-	-	-
Total	-	-	318,375
BAHIA BLANCA - Francs	51,055	-	-
CORDOBA - Dollars	-	-	186,800(4)
ROSARIO - Sterling	219,374	-	-
SANTA FE - Dollars	-	-	-
- Sterling	-	-	-
Total	-	-	-
TUCUMAN - Dollars	-	152,800	-
Total Municipal	270,429	152,800	505,175
GRAND TOTAL	3,029,897	4,879,386	9,627,117

From M.A.Argentina

Report No.4732

August 23,1933

## ARGENTINA (Economic)

Subject: Public Debt

## (b) Foreign Debt

(Cont'd from Page 2)

APPROXIMATE SERVICE REQUIREMENTS ON EXTERNAL  
FUNDED DEBT (1) YEAR 1932 (In U.S.dollars)

ARGENTINE GOVERNMENT	JULY	AUGUST	SEPTEMBER
Dollars	1,595,000	2,800,000	1,631,000
Pounds Sterling	-	606,730	3,087,718
Francs	-	-	383,281
Pesetas	-	338,153	-
Gold Pesos (6)	-	1,454,395	-
Total	1,595,000	5,199,278	5,101,999
<u>PROVINCES</u>			
<u>BUENOS AIRES</u>			
Dollars	1,438,500	-	450,500(3)
Pounds Sterling	-	-	297,033
Francs	-	-	-
Marks	-	-	269,635
Total	1,438,500	-	1,017,168
<u>CORDOBA</u>			
Dollars	-	-	-
Pounds Sterling	-	-	-
Total	-	-	-
<u>CORRIENTES</u>			
Pounds Sterling	106,125	-	-
<u>MENDOZA</u>			
Dollars	-	-	-
Francs	86,829	-	-
Total	86,829	-	-
<u>SAN JUAN</u>			
Francs	-	-	36,179
<u>SANTA FE</u>			
Dollars	-	509,400	-
Francs	-	254,063	-
Total	-	763,463	-
<u>TUCUMAN</u>			
Dollars	-	-	95,500
Francs	72,719	-	-
Total	72,719	-	95,500
Total Provincial	1,704,173	763,463	1,148,847
<u>CITIES</u>			
<u>BUENOS AIRES</u>			
Dollars	-	-	237,800
Pounds Sterling	728,401	-	-
Total	728,401	-	237,800
BAHIA BLANCA - Francs	-	-	-
CORDOBA - Dollars	-	-	179,300(5)
ROSARIO - Sterling	-	-	-
SANTA FE - Dollars	-	-	106,125
- Sterling	-	51,055	-
Total	-	51,055	-
TUCUMAN - Dollars	-	-	-
Total Municipal	728,401	51,055	523,225
GRAND TOTAL	4,027,574	6,013,796	6,774,071

## ARGENTINA (Economic)

Subject: Public Debt.

## (b) Foreign Debt

(Cont'd from Page 3)

APPROXIMATE SERVICE REQUIREMENTS ON EXTERNAL  
FUNDED DEBT (1) YEAR 1932 (in U.S.dollars)

<u>ARGENTINE GOVERNMENT</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>
Dollars	1,442,000	2,625,000	-
Pounds Sterling	-	-	4,809,050
Francs	-	-	-
Pesetas	-	338,153	-
Gold Pesos (6)	-	1,018,076	2,042,397
Total	1,442,000	3,981,229	6,851,447
<u>PROVINCES</u>			
<u>BUENOS AIRES</u>			
Dollars	687,400	-	437,800
Pounds Sterling	-	453,507	1,428,112
Francs	470,520	-	-
Marks	-	-	-
Total	1,157,920	453,507	1,865,912
<u>CORDOBA</u>			
Dollars	-	-	297,150
Pounds Sterling	-	-	71,254
Total	-	-	368,404
<u>CORRIENTES</u>			
Pounds Sterling	-	-	-
<u>MENDOZA</u>			
Dollars	-	291,850	-
Francs	86,829	-	-
Total	86,829	291,850	-
<u>SAN JUAN</u>			
Francs	-	-	36,179
<u>SANTA FE</u>			
Dollars	-	-	-
Francs	-	-	-
Total	-	-	-
<u>TUCUMAN</u>			
Dollars	-	-	-
Francs	72,719	-	-
Total	72,719	-	-
Total Provincial	1,317,468	745,357	2,270,495
<u>CITIES</u>			
<u>BUENOS AIRES</u>			
Dollars	-	-	318,375
Pounds Sterling	-	-	-
Total	-	-	318,375
BAHIA BLANCA - Francs	51,055	-	-
CORDOBA -Dollars	-	-	186,800(4)
ROSARIO -Sterling	219,374	-	-
SANTA FE -Dollars	-	-	-
-Sterling	-	-	-
Total	-	-	-
TUCUMAN -Dollars	-	152,800	-
Total Municipal	270,429	152,800	505,175
GRAND TOTAL	3,029,897	4,879,386	9,627,117

From M.A.Argentina Report No.4732 August 23,1933



## ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt

(Cont'd from Page 4)

APPROXIMATE SERVICE REQUIREMENTS ON EXTERNAL  
FUNDED DEBT (1) YEAR 1932 (In U.S.dollars)

<u>ARGENTINE GOVERNMENT</u>	<u>TOTAL ANNUAL</u>
Dollars	20,186,000
Pounds Sterling	17,006,996
Francs	766,562
Pesetas	1,352,612
Gold Pesos (6)	9,029,736
Total	48,341,906
<u>PROVINCES</u>	
<u>BUENOS AIRES</u>	
Dollars	6,028,400
Pounds Sterling	4,357,304
Francs	941,040
Marks	539,270
Total	11,866,014
<u>CORDOBA</u>	
Dollars	594,300
Pounds Sterling	142,508
Total	736,808
<u>CORRIENTES</u>	
Pounds Sterling	212,250
<u>MENDOZA</u>	
Dollars	583,700
Francs	347,316
Total	931,016
<u>SAN JUAN</u>	
Francs	144,716
<u>SANTA FE</u>	
Dollars	1,018,800
Francs	508,126
Total	1,526,926
<u>TUCUMAN</u>	
Dollars	191,000
Francs	290,876
Total	481,876
Total Provincial	15,899,606
<u>CITIES</u>	
<u>BUENOS AIRES</u>	
Dollars	1,112,350
Pounds Sterling	1,456,802
Total	2,569,152
BAHIA BLANCA - Francs	102,110
CORDOBA - Dollars	732,200
ROSARIO - Sterling	438,748
SANTA FE - Dollars	212,250
- Sterling	102,110
Total	314,360
TUCUMAN - Dollars	305,600
Total Municipal	4,462,170
GRAND TOTAL	68,703,682

From M.A.Argentina

Report No.4732

August 23,1933

ARGENTINA (Economic)

Subject: Public Debt.

(b) Foreign Debt  
(Cont'd from Page 5)

NOTES:

- (1) Includes certain loans improperly classified "Internal"
- (2) Sinking Fund due February 1
- (3) " " " August 1
- (4) Payable monthly, full service being due 50 days before interest dates.
- (5) Payable monthly, full service being due 60 days before interest dates.
- (6) Classified by Government as internal but actually payable in various foreign currencies.

NOTE: (a) Distribution of payments by months in case of Provinces and Cities made on basis of dates on which money is actually due in hands of fiscal agent where such dates are known, otherwise the month immediately preceding the coupon date is taken. All National Government payments considered as due the month immediately preceding coupon date.

- (b) Conversion of Sterling, Francs, Marks, Pesetas and Gold Pesos amounts at par of exchange.

*Fredrick A. Sharp*

From M.A. Argentina

Report No. 4732

August 23, 1933

G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget

On November 28, 1930, Dr. Enrique Perez, the Minister of Finance, submitted to a special session of the Cabinet his Budget proposals for 1931. Dr. Perez submitted his proposals in the form of an address, the main points of which are given below.

Outlining briefly the economic situation of the country, and stressing the imperious necessity for the exercise of economy in official expenditure, he declared that the nation's total revenue for the year now drawing to an end would not exceed \$650,000,000, a sum greatly inferior to the income obtained from taxation and other sources in the four or five preceding years. Dr. Perez illustrated his point by giving the following figures:

Year	Revenue
1920	494,000,000
1921	457,000,000
1922	439,000,000
1923	524,000,000
1924	578,000,000
1925	643,000,000
1926	619,000,000
1927	658,000,000
1928	700,000,000
1929	718,000,000
1930	616,000,000

The Minister explained the decrease as being due chiefly to reduced economic activity in the country, variations in which had invariably been reflected in Governmental finance. There had also been heavy losses as the outcome of defective collection methods employed.

"The policies adopted by the Provisional Government, particularly with regard to readjustment of expenses, will help towards reaching a sounder basis," he said, "but the economic crisis will continue to have a depressing effect upon the country's financial position.

With regard to imports and exports, and their relation to national revenue, the Minister stated that in the first nine months of 1929, exports totalled \$1,742,100,000 and imports \$1,478,200,000 leaving a balance of \$263,900,000 in Argentina's favor. Exports in the corresponding period of 1930 were \$975,000,000 and imports \$1,234,800,000 giving a balance against Argentina of \$259,800,000.

"From this we may deduce," the Minister stated, "that the volume of our imports is high in relation to the actual purchasing power of the country. Argentina's

From M.A. Argentina

Report No. 4271 December 15, 1930.

## ARGENTINA (Economic)

## Subject: Federal Budget

(b) Current and Proposed Budget

purchasing power is not likely to increase during the coming year, but as, on the other hand, the crisis in the rural industries will compel economies, it is to be expected that next year's imports and exports will be more evenly balanced."

In spite of the foregoing statement, Dr. Perez estimated revenue from imports in 1931 at \$300,000,000, as against \$280,000,000 in 1929. questioned on the point, he declared that more efficient methods of collection would bring in the additional \$20,000,000.

The Minister estimated income from all sources according to the comparative figures below (000 omitted):

<u>Source</u>	<u>1930.</u>	<u>1931.</u>
Custom House and Port	348,000	363,000
Importation, etc.	280,000	300,000
Exportation	9,000	3,000
Other sources	59,000	60,000
Inland Revenue	108,000	125,000
Land taxation	14,800	15,200
Licenses	12,500	12,000
Stamps, stamped paper	43,400	44,500
Postal services	28,500	28,000
Telegraphs	10,000	10,300
Miscellaneous	50,500	52,000
<b>Totals</b>	<b>615,700</b>	<b>650,000</b>

Dr. Perez concluded in this manner that, unless the economic situation of the country underwent fundamental change, national revenue in 1931 would reach a total of \$650,000,000.

The Minister informed his colleagues that a revision of accounts had shown that just as rapidly as the nation's income had been decreasing, so had the Irigoyenist regime been adding without measure to expenditure.

Taking up to November 1, authorized expenditure out of general revenue amounted to \$868,000,000 (\$700,000,000 in the Budget, \$82,000,000 in Cabinet resolutions, \$11,000,000 by special legislation, \$55,000,000 brought forward from previous years, and \$20,000,000 in accordance with special accounts).

Dr. Perez expressed the view that the Budget deficit for the current year, arising out of unmeasured expenditure would be greatly in excess of \$130,000,000. He pointed out that this deficit, plus that of 1929, and

## ARGENTINA (Economic)

## Subject: Federal Budget

(b) Current and Proposed Budget

other adverse balances in autonomous departments of State would give a total of \$698,000,000 or \$48,000,000 more than the expected general revenue of the Republic for the coming year.

"This heavy deficit has contributed towards a reduction in the liquidity of our banks," the Minister continued, "and their position has not been improved by the renewals inevitably attendant upon the failure of crops.

"To continue with this process of inflation of internal credit would be a very grave error indeed. It is therefore absolutely essential that the Budget for next year shall be drawn up, approved, and executed without a deficit, within the limits of the sum of \$650,000,000 to which I have referred."

Referring to next year's disbursements, the Minister announced that payment of debt services would be an unusually heavy charge upon the exchequer. No less than \$239,000,000 would be needed for this purpose, and another \$36,000,000 would be needed to pay pensions, etc., leaving a balance of \$375,000,000 to cover all administrative expenses. Dr. Perez could not say exactly for the moment how the money would be divided up among the various departments of State, not having received their final calculations. He thought, however, that a reversion to the figures of 1925 would, with slight modifications, meet the case for 1931. The 1925 figures were - (000 omitted):

	<u>1925</u>	<u>1930</u>	<u>1931</u>
National Debt	128,000	215,900	239,000
<u>Ministry of War</u>	60,500	67,800	75,000
<u>Ministry of Marine</u>	43,500	46,800	50,000
Pensions, etc.	20,900	24,300	36,000
Exchequer	25,500	27,600	25,000
Total A	279,200	382,400	425,000
Congress	5,800	6,400	4,000
Ministry of Interior	103,000	110,600	82,200
Ministry of Foreign Affairs	7,100	6,600	5,600
Ministry of Justice	122,900	148,000	98,100
Ministry of Agriculture	18,300	22,200	14,400
Ministry of Public Works	25,600	23,700	20,700
Total B	282,700	317,580	225,000
General Totals	<u>561,900</u>	<u>699,900</u>	<u>650,000</u>

These figures, said Dr. Perez, served to show the urgent necessity for the suppression of all unnecessary

## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget

expense, and, as a heroic measure in the event of the proposed cuts being insufficient, he suggested reductions in civil servant's wages to balance the Budget.

According to a progressive scale drawn up in the Ministry of Finance and submitted to the meeting, a 3 per cent cut all round would give an annual saving of \$10,703,100; a 4 per cent, reduction would lessen expenditure by \$14,270,800; and if it became necessary to reduce salaries by as much as 5 per cent, the gain would amount to \$17,838,500.

Dr. Perez declared that the extent to which employees' wages might be cut, if necessity arose, would depend entirely upon the manner in which it would be possible to effect the suggested economies in other directions.

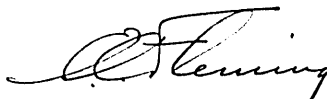
The Minister also added that it might be wise to consider a scheme under which the percentage deducted from wages might be returned to employees once the nation's finances had been restored to a sounder basis.

Dr. Perez criticised the liberality with which Congress had been voting new subsidies in recent years, thereby increasing greatly the calls upon general revenue. He proposed that the money accorded to hospitals and asylums should remain untouched, but advocated cancellation or reduction of other subsidies to a total of \$3,000,000. The Minister did not indicate where the cuts should be made.

Public works executed in 1931 would have to depend, the meeting was told, upon the product of bonds the Government was able to sell. He outlined a scheme for the gradual placing of these obligations locally, through the medium of a banking consortium, adding that fifty per cent of the funds from this source would be applied to replacement of money irregularly spent in public works by the previous Government.

It was reported after the adjournment of the Ministers that Dr. Perez's proposals had been approved in principle.

It will be noted that a substantial increase was made in the budgets of both the Ministry of War and Marine.



From M.A. Argentina

Report No. 4271 December 15, 1930.

FOR OFFICIAL USE  
ONLY

G-2 Report

ARGENTINA (Economic)

Subject: Financial

(c) Taxation

In view of the large deficits shown by the General Post Office, the Government issued a decree on March 15th, increasing the Postal rates and announcing the withdrawal of Argentina from the Pan American Postal Union as of the 1st of April.

The decree has come as an unpleasant surprise to firms having a large foreign mail, especially since this is the second time that the rates have been increased. The former occasion was during the regime of the Provisional Government (See Report No.4307).

In spite of the fact that the deficit is great, it was lower in 1932 than in the previous twelve years, as will be seen from the following statistics:

1920 .....	\$27,885,555.39
1921 .....	26,699,571.18
1922 .....	31,460,282.76
1923 .....	24,465,093.45
1924 .....	24,346,713.60
1925 .....	22,240,441.01
1926 .....	19,452,356.94
1927 .....	18,696,158.59
1928 .....	15,737,246.38
1929 .....	24,718,398.32
1930 .....	30,363,122.25
1931 .....	19,155,444.60
1932 .....	15,105,314.60

The decree is as follows:

Art.1 - Let it be made known to the Postal Union of the Americas and Spain, at Montevideo, that as from April 1 next, the Argentine Republic will no longer be a member of that entity. A message will be sent to Congress withdrawing that dated August 31, 1932, which accompanied a Bill for the ratification of the various international agreements signed by the Argentine delegate on November 10, 1931, at the Congress of the Postal Union of the Americas and Spain held in Madrid in that year.

Consequently, as from April 1 next, the postal tariffs for abroad will be uniform for all countries.

Art.2 - In use of the faculties accorded by Art.29 of Law 11,253 and Art.11 of the final protocol of the World Postal Convention of London, the following international postal tariffs will be enforced as from April next:

Ordinary letters, up to 20 grammes	\$0.20
Do. subsequent fractions	0.15
Ordinary postcards	0.15
Post cards - Reply paid	0.25
Printed matter, per 50 grammes	0.05

From M.A.Argentina Report No.4866 April 5th, 1934.

## ARGENTINA (Economic)

## Subject: Financial

(c) Taxation

Printed matter in relief for the blind, p.1,000 grammes	0.05
Commercial samples, first 100 grammes	0.10
Do. each subsequent 50 grammes	0.05
Commercial papers first 200 grammes	0.20
Do. each subsequent 50 grammes	0.05

Art.3 - As Congress has sanctioned the present internal postal rates, the Direction General of Posts and Telegraphs, when projecting the new tariff, will consider the possibility of returning to the previous rate of five cents instead of ten cents, as charged at present for ordinary letters.

Subsequent articles establish that only the exceptions granted by the respective laws will be recognised, and in all other cases full tariff rates must be paid; all decrees granting additional exemptions are repealed.

The General Post Office is to transfer to the National Treasury the unpaid postal accounts owing by the municipality of the Capital and the various provinces, and the amounts will be retained out of the funds which have to be paid to the debtors.

It was also established that in all new telegraphic or telephonic concessions it would be stipulated that the concessionaires were to deposit two per cent of the gross receipts to the order of the State.

Finally, the post office is to make a small charge - one quarter of one per cent, with a minimum of \$0.15 - for pensions paid through its medium.

From M.A.Argentina Report No.4866 April 5th,1934.  
FOR FREDERICK D.SHARP, Capt.G.S.#2-

*Victoria L. Julia*  
Clerk.



G-2 Report

ARGENTINA (Economic)

Subject: Commerce.

b) Foreign Trade - Monetary Value and Distribution.

On May 21st. a special report was submitted to the Minister of Finance by the Director of the National Bureau of Statistics, Sr. Alfredo Lucademo. as follows:

The value of Argentine foreign trade exclusive of bullion in the year 1930 was \$1,353,287,000 as compared with \$1,815,741,000 in the year 1929, there being a falling off of \$462,454,000 gold or 25.5%.

In the year 1930 imports amounted to \$739,183,000 as compared with \$861,997,000 gold in 1929. There was thus a drop of \$122,814,000 gold or 14.2%.

Exports in 1930 were worth \$614,104,000 gold as compared with \$953,744,000 gold in 1929, a drop of \$339,640,000 gold or 35.6%.

There was thus in 1930 an adverse trade balance of \$125,079,000 gold as compared with a favourable trade balance of \$91,747,000 gold in 1929.

The real values of imports and exports in 1930 as compared with 1929 are shown in the following table:

IMPORTS

Description	Real Values in \$ Gold		-1- or - in 1930	
	1930	1929	Absolute	Relative
Subject to Duty	496,575,576	586,393,527	-89,817,951	-15.3
Free of Duty	242,607,168	275,603,828	-32,996,660	-12.0
Totals	739,182,744	861,997,355	-122,814,611	-14.2
Bullion	51,820	11,296	40,524	+358.7

EXPORTS

Subject to Duty	203,544,803	492,664,682	-289,119,879	-58.7
Free of Duty	410,559,377	461,079,237	-50,519,860	-10.9
Totals	614,104,180	953,743,919	-339,639,739	-35.6
Bullion	25,165,174	174,397,522	-149,232,348	-85.6

FOREIGN TRADE.

Imports	739,182,744	861,997,355	-122,814,611	-14.2
Exports	614,104,180	953,743,919	-339,639,739	-35.6
	1,353,286,924	1,815,741,274	-462,454,350	-25.5
Trade Balance	-125,078,564	-91,746,564	--	--

The estimated real value of imports in 1930 was, as has already been shown \$739,183,000 gold of which \$496,576,000

From M.A.Argentina

Report No.4368

June 5, 1931.

## ARGENTINA (Economic)

Subject: Commerce.

b) Foreign Trade - Monetary Value and Distribution.

corresponded to articles subject to duty and \$242,607.00 to imports free of duty. The value of the articles imported free of duty represented 32.8% of the total value of imports. In 1929 the proportion was 32.0%.

The "tariff" value of imports in 1930, including the 60% increase in appraisements was \$753,734,000 gold as against \$881,511,000 in the previous year. In other words \$127,777,000 gold or 14.5% less.

The relative difference between tariff and real values of imports in 1929 took the form of a drop of 2.22%; in 1930 the corresponding fall was 1.94% as shown in the following table:

## TARIFF AND REAL VALUES OF IMPORTS IN 1929 AND 1930

Years	"Tariff Values" \$ Gold	"Real Values" \$ Gold	Differences	
			Absolute	Relative. %
1929	881,511,484	861,997,355	-19,514,129	-2.22
1930	753,734,505	739,182,744	-14,551,761	-1.94

The following table gives the nominal and real values of imports in the last ten years with their respective index numbers:

Years	"Nominal" (1906 Tariff) Values \$ Gold	Index Nos. Showing Quantity	Real Values \$ Gold	Index Nos. Showing Actual Value.
1921	280,782,765	100	749,533,697	100
1922	310,939,377	110.7	689,645,471	92.0
1923	383,273,090	136.5	868,430,096	115.9
1924	380,148,098	135.4	828,709,993	110.6
1925	425,470,569	151.5	876,347,666	117.0
1926	443,468,873	157.9	822,496,497	109.7
1927	470,184,626	167.4	856,804,404	114.3
1928	540,344,492	192.4	836,707,729	111.6
1929	562,315,292	200.3	861,997,355	115.0
1930	481,697,185	171.5	739,182,744	98.6

The difference in the ensemble of prices of imported articles in relation to the appraisements of the 1906 tariff, without the increases of 20% by law N° 11,022 or of 60% by law N° 11,281 has, between 1921 and 1930 been as follows:

Years	Increase	Years	Increase
1921	166.9	1926	85.5
1922	121.7	1927	82.2
1923	126.6	1928	54.3
1924	118.0	1929	53.3
1925	106.1	1930	53.4

From M.A. Argentina

Report N° 4368

June 5, 1931.

## ARGENTINA (Economic)

Subject: Commerce.

b) Foreign Trade - Monetary Value and Distribution.

Since 1921 import prices have followed a steadily downward trend with the exception of the year 1923 in which there was a slight rise. The difference between real values and the 1906 tariff values was 166.8% in 1921. It fell to 121.7% in 1922 and the following year prices were slightly higher. They fell again in 1924 and 1925 and in the following three years the tendency was even more pronounced. In 1929 and 1930 prices showed a further, but slight decline, and real values are now only 53.4% higher than they were estimated to be for the purpose of the tariff of 1906.

The following statement of comparative revenue in the years 1930 and 1929 covers import duties, export duties and general customs and port revenue:

Revenue	1929	\$ Gold 1930	Difference (-/-) or in (-) in 1931
Import Duties	123,760,266	148,671,763	- 24,911,497
Export Duties	4,116,729	7,960,117	- 3,843,388
Other Customs and Port Revenue	<u>25,834,184</u>	<u>30,086,691</u>	- <u>4,252,507</u>
Totals	153,711,179	186,718,571	- 33,007,392

From L.A. Argentina

Report No 4368

June 5, 1931.

G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

Prior to the completion of his term of office as Minister of Finance, Dr. Enrique Uriburu issued a series of reports estimating the possible yield of the new taxes instituted by decree of the Provisional Government (See Report No. 4513) and also analyzing the financial position of the nation, and prospects as regards revenues and expenditures in 1932.

The first of the series of reports, which we quote below, deals with the revenue figures for 1930 and 31 showing the percentage of increase in each category and the equivalent comparisons for the total sum.

RESOURCES OF THE NATIONAL GOVERNMENT IN 1930 AND 1931.  
(In millions of pesos Argentine paper currency)

Resources	1930	1931	Superavit or deficit Amount	Per Cent.
1- Cash Revenue:				
General Revenue	625.1	629.0	-1- 3.9	-1- 0.6
Special Accounts	12.3	14.9	-1- 2.6	-1- 21.1
Subsidies Account	28.6	28.7	-1- 0.1	-1- 0.3
Total	666.0	672.6	-1- 6.6	-1- 1.0
2- Bonds Negotiated	71.5	92.1	-1- 20.6	-1- 28.8
General Total	737.5	764.7	-1- 27.2	-1- 3.6

DETAILED STATEMENT OF GENERAL REVENUE IN 1930 AND 1931.  
(In thousands of pesos m/n)

Concept	1930	1931	Superavit or deficit Amount	Per cent.
Customs and Ports:				
Importation .....	281,271	254,567	-26,704	- 9.5
Exportation .....	9,354	2,359	- 6,995	- 74.8
Other Revenue .....	64,006	55,771	- 8,235	- 12.9
Total	354,631	312,697	-41,934	- 11.8
Internal Revenue:				
Alcohol .....	18,228	17,755	- 473	- 2.6
Tobacco .....	60,393	62,454	- 2,061	- 3.4
Matches .....	4,146	4,197	- 49	- 1.2
Beer .....	4,447	5,423	- 976	- 21.9
Insurance .....	2,514	2,404	- 110	- 4.4
Alcoholic Drinks ....	11,837	9,608	- 2,229	- 18.8
Wines .....	2,252	2,765	- 513	- 22.8
Various .....	2,801	2,562	- 239	- 8.6
Total	106,618	107,168	- 550	- 0.5

From M.A. Argentina Report No. 4514 February 24, 1932.

## ARGENTINA (Economic)

## Subject: Federal Budget.

## (b) Current and Proposed Budget:

Concept	1930	1931	Superavit or Deficit	
			Amount	Per cent
Brought forward	106,618	107,168	- 550	- 0.5
Property Tax, Licenses, Stamps				
Property Taxes	14,421	14,841	+ 420	+ 2.9
Licenses	12,300	12,899	+ 599	+ 4.9
Stamps	41,865	45,402	+ 3,537	+ 8.4
Passenger Tax	1,561	1,365	- 196	- 12.6
Total	70,147	74,507	+ 4,360	+ 6.2
Post and Telegraphs:				
Stamps	26,519	30,693	+ 4,174	+ 15.7
Telegrams	9,356	8,615	- 741	- 7.9
Various	6,351	7,405	+ 1,054	+ 16.6
Total	42,226	46,713	+ 4,487	+ 10.6
Divers Revenue:				
Property Registration	2,766	2,926	+ 160	+ 5.8
Forests	1,198	1,077	- 121	- 10.1
Special Revenue	9,170	11,908	+ 2,738	+ 29.8
Sanitary Works Charges	26,941	26,994	+ 53	+ 0.2
Refunds	440	3,749	+ 3,309	+ 752.0
Prov. B.A. Debt Service	2,243	1,593	- 650	- 29.0
Banco Nación Loan Service	2,439	2,439	-	-
Profits on Exchange	-	25,000	+ 25,000	-
Other Revenue	6,235	7,029	+ 794	+ 12.7
Total	51,432	82,743	+ 31,311	+ 60.9
Turnover Tax & other Prospective Revenue	-	5,200	+ 5,200	-
Grand Total	625,054	629,000	+ 3,946	+ 0.6

PROBABLE REVENUE IN 1932 AS COMPARED WITH 1931  
(In millions of pesos m/n)

Resources	1931	1932	Superavit or Deficit	
			Amount	Per cent
1-Cash Revenue	671.2	838.6	+167.4	+24.9
General Revenue	641.3	807.4	+166.1	+25.9
Special Accounts	2.6	2.6	-	-
Subsidies Fund	27.3	28.6	+ 1.3	+ 4.8
2-Bonds Negotiated	92.1	75.0	- 17.1	-18.6
Grand Total	763.3	913.6	+150.3	+19.7

It has been deemed wise to calculate the yield of bond issues at \$75,000,000 of which \$55,000,000 will be required for the financing of expenditures, any surplus over that amount to be considered applicable to the amortization of the floating debt.

## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget:

In the following table, the Ministry of Finance analyzes the origin of the various items of revenue anticipated in the year 1932, taking into account the taxes in force before and after the decree of January 19, 1932:

ANTICIPATED REVENUE IN THE YEAR 1932  
(In thousands of pesos m.n.)

<u>General Revenue</u>	<u>Probable Yield of</u>		<u>Total</u>
	<u>Taxes</u>		
	<u>Before decree</u>	<u>After de-</u>	
	<u>Jan. 19</u>	<u>crece Jan. 19</u>	
Customs & Ports - importation			
Ordinary revenue	220,000	1,700 (1)	221,700
Additional 10%	45,000	-	45,000
Total import revenue	265,000	1,700	266,700
Exportation	2,000	-	2,000
Other revenue	49,000	-	49,000
Total this group	316,000	1,700	317,700
Internal revenue taxes:			
Petrol	-	22,000	22,000
Tyres	-	9,000	9,000
Alcohol	17,500	-	17,500
Tobacco	62,700	22,000	84,700
Matches	4,200	6,500	10,700
Beer	7,500	-	7,500
Insurance	2,400	1,700	4,100
Alcoholic drinks	9,600	-	9,600
Wines	3,500	-	3,500
Other items	2,600	2,800	5,400
Total this group	110,000	64,000	174,000
Property tax, licenses and stamps:			
Property tax	15,000	12,000	27,000
Licenses	13,000	3,000	16,000
Stamps	50,000	1,300	51,300
Remittances abroad	-	3,700	3,700
Overseas passages	1,200	-	1,200
Total this group	79,200	20,000	99,200
Income tax	-	55,000	55,000
Turnover tax	36,000	-	36,000
Participation profits autonomous departments			
Banco de la Nacion Arg.	9,000	-	9,000
National Mortgage Bank	1,000	-	1,000
Fiscal Oil Fields	2,000	-	2,000
Total this group	12,000	-	12,000
Post and telegraphs:			
Stamps	31,500	-	31,500
Telegrams	8,300	-	8,300
Various	7,200	-	7,200
Total this group	47,000	-	47,000
Financial services:			
Service sanitary works debt	34,000	-	34,000
Service debt Province Buenos Aires	2,600	-	2,600

From M.A. Argentina

Report No. 4514

February 24, 1932

## ARGENTINA (Economic)

Subject: Federal Budget

## (b) Current and Proposed Budget:

<u>General Revenue</u>	<u>Probable Yield of</u>		<u>Total</u>
	<u>Taxes</u>		
	<u>Before decree:</u>	<u>After de-</u>	
	<u>Jan.19</u>	<u>cree Jan.19</u>	
Financial services:			
Brought forward	36,600	-	36,600
Banco de la Nacion, Ser-			
vice Debt Law 5681	3,400	-	3,400
Total this group	40,000	-	40,000
Divers revenues:			
Special incorporated ac-			
counts	2,500	-	2,500
Property registration Bol.			
Off and Judicial	2,900	2,125	5,025
Forestral exploitation	1,100	-	1,100
Extraordinary resources	8,000	-	8,000
Refunds	1,000	-	1,000
Other revenue	7,000	1,925	8,925
Total this group	22,500	4,050	26,550
General Total	662,700	144,750	807,450

## (1) Customs tax on cinematographic films

In the following table the probable cash revenue of the year 1932 is compared with the corresponding revenue collected in the year 1931:

COMPARISON OF REVENUE IN 1932 AND 1931  
(In thousands of pesos m/n)

General Revenue	1931	1932	Superavit or Amt.	Deficit %
Customs & ports-importation:				
Ordinary revenue	243,601	221,700	- 21,901	- 9.0
Additional 10%	10,966	45,000	+ 34,034	+ 310.3
Total import revenue	254,567	266,700	+ 12,133	+ 4.8
Exportation	2,359	2,000	- 359	- 15.2
Other revenue	55,771	49,000	- 6,771	- 12.1
Total this group	312,697	317,000	+ 5,003	+ 1.6
Internal revenue taxes:				
Petrol	-	22,000	+ 22,000	-
Tyres	-	9,000	+ 9,000	-
Alcohol	17,755	17,500	- 255	- 1.4
Tobacco	62,454	84,700	+ 22,246	+ 35.6
Matches	4,197	10,700	+ 6,503	+ 154.9
Beer	5,423	7,500	+ 2,077	+ 38.3
Insurance	2,404	4,100	+ 1,696	+ 70.5
Alcoholic drinks	9,608	9,600	- 8	-
Wines	2,765	3,500	+ 735	+ 26.6
Other items	2,562	5,400	+ 2,838	+ 110.8
Total this group	107,168	174,000	+ 66,832	+ 62.4

From M.A.Argentina Report No.4514 February 24,1932

## ARGENTINA (Economic)

## Subject: Federal Budget

## (b) Current and Proposed Budget:

<u>General Revenue</u>	<u>1931</u>	<u>1932</u>	<u>Superavit or Defi-</u> <u>Ant.</u>	<u>cit %</u>
Property tax, licenses and stamps:				
Property tax	14,841	27,000	+ 12,159	+ 81.9
Licenses	12,899	16,000	+ 3,101	+ 24.0
Stamps	45,402	51,300	+ 5,898	+ 13.0
Remittances abroad	-	3,700	+ 3,700	-
Overseas passages	1,365	1,200	- 165	- 12.1
Total this group	74,507	99,200	+ 24,693	+ 33.1
Income Tax	-	55,000	+ 55,000	-
Turnover Tax	5,200	36,000	+ 30,800	+ 592.3
Participation profits autonomous departments:				
Banco de la Nacion	25,000(2)	9,000(3)	- 16,000	- 64.0
National Mortgage Bank	-	1,000	+ 1,000	-
Fiscal Oilfields	-	2,000	+ 2,000	-
Total this group	25,000	12,000	- 13,000	- 52.0
Post and Telegraphs:				
Stamps	30,693	31,500	+ 807	+ 2.6
Telegrams	8,615	8,300	- 315	- 3.7
Various	7,405	7,200	- 205	- 27.6
Total this group	46,713	47,000	+ 287	+ 0.6
Financial services:				
Service sanitary works debt	26,994	34,000	+ 7,006	+ 25.9
Service debt Prov.Bs.Aires	1,593	2,600	+ 1,007	+ 63.2
Banco de la Nacion, service debt Law 5681	2,439	3,400	+ 961	+ 39.4
Total this group	31,026	40,000	+ 8,974	+ 28.9
Divers revenues:				
Special incorporated accounts	12,309	2,500	- 9,809	- 392.4
Property registration Bol.				
Offl and Judicial	2,926	5,025	+ 2,099	+ 71.7
Forestral exploitation	1,677	1,100	- 577	- 34.4
Extraordinary resources	11,908	8,000	- 3,908	- 32.8
Refunds	3,749	1,000	- 2,749	- 73.3
Other revenue	7,029	8,925	+ 1,896	+ 27.0
Total this group	38,998	26,550	- 12,448	- 31.9
Grand Total	641,309	807,450	+ 166,141	+ 25.9

- (1) Including other revenue expected.
- (2) Participation exchange profits amounting to \$29,556,818.
- (3) Participation rediscount profits estimated \$18,000,000 in 1932.

With regard to the probable yield of the new taxes, the Ministry of Finance issued a detailed statement of the basis of its calculation. It is admitted that there are no statistics available to serve as a reliable basis for the calculation of the probable yield of the income tax. It is believed, however, that a minimum amount of \$55,000,000 can

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## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget:

be counted upon, and that anything exceeding this sum can be used to cover any deficit which may occur in other items and thereafter be applied to the amortization of the floating debt. It is believed that the income tax on property earnings will yield approximately \$8,000,000. The income tax yield on capital earnings is estimated at \$15,000,000. The income tax on personal earnings is expected to bring in revenue amounting to \$12,500,000 per annum added to which there ought to be approximately an additional \$3,000,000 from the round tax on super incomes. On this basis of calculation a total yield of \$56,200,000 is anticipated, but in the tabulated statements this has been reduced to a calculation of only \$55,000,000.

The tobacco tax yield is worked out on two bases of calculation. Allowance is made for the possibility that smokers will continue their former habits as regards choice of brands etc. The second calculation assumes the possibility that in view of the tax there will be a tendency to switch to cheaper smokes. Summing up, the tax on cigarettes, tobacco, etc. is calculated to yield \$24,500,000 which amount is reduced for the purpose of the budget calculation to \$22,000,000. The tax on matches in 1932 will, it is believed, amount to approximately \$11,700,000 as compared with \$4,200,000 in 1931, an increase of \$7,500,000 or 78 per cent.

The petrol tax for the eleven months of the year in which it will be applied is calculated at \$22,000,000 m/n with an annual return of \$24,000,000 thereafter.

The tax on tyres is expected to yield \$9,450,000 per annum, or around \$9,000,000 for the period during which it will be effective this year.

The tax on cinematograph films is expected to yield \$1,850,000 per year, meaning to say that the revenue from this source this year can be calculated at approximately \$1,700,000.

The increase in license fees is expected to bring about an additional sum of revenue of \$3,000,000.

The tax on foreign remittances is expected to be increased by the new tax to the amount of \$4,00,000 a year. On this reckoning the new tax ought to bring in \$3,700,000 of additional revenue in the eleven months period of its effective operation in 1932.

The new stamp taxes are expected to bring in an additional sum of \$1,300,000 in the eleven months period and \$1,600,000 in a full twelve months period.

The additional property tax is expected to bring in \$13,000,000, but to be on the safe side, only \$12,000,000 are reckoned in the tabulated statement.

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## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget:

The special insurance taxes are, it is stated, very difficult to estimate, but a conservative calculation of \$1,700,000 has been included in the tabulated statement. The increases in the guarantee deposit will, the Ministry's report states, require the purchase of bonds to the value of approximately \$18,000,000.

The different charges for administrative services, such as chemical analysis, Boletin Oficial and judicial publications, passports, documents of personal identity are expected altogether to bring in around \$4,400,000, the calculation for the eleven months period of their effective operation being \$4,050,000.

In another series of reports, the Minister of Finance outlines the Budget of Expenditures for the current year authorized by decree of the Provisional Government. In analyzing the Budget, attention is called to the reduction in appropriations for all the Ministries. This, however, does not apply to the service of the Public Debt which will call for a total expenditure of \$25,200,000 Argentine paper, whereof \$106,400,000 paper corresponds to the service of the External Debt calculated at par while the Internal Debt calls for \$144,800,000 paper. The official note in this connection points out that the amounts allotted to debt services in the actual budget enable much greater amortizations to be made than are legally demanded by the statutes under which the loans were originally contracted, this being a natural consequence of the depreciated prices at which Argentine securities are now quoted in New York and elsewhere. Among the various departments of state, the most striking difference is to be found in the subsidiary budgets of the various sections which come under the general designation of public works. Their grand total amounts to \$50,000,000 paper as contrasted with \$91,000,000 in 1931 and \$176,000,000 in 1930. The State Railways, which in the last mentioned year accounted for a nominal expenditure of \$90,000,000 paper, are cut down to \$10,000,000; a reduction that, in view of the disclosures of the frauds committed in that Department, is hardly surprising.

TOTAL BUDGETED EXPENDITURE FOR 1932 COMPARED  
WITH THE REAL EXPENDITURES OF THE YEARS 1930 AND 1931.  
(In thousands of Pesos m/n)

<u>Expenditures</u>	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>Diff. in 1932 compared with 1930</u>
To be met out of Cash Revenues:				
Administration	596.9	513.8	505.9	- 91.9
Public Debt	232.0	240.0	251.2	+ 19.2
Subsidies	40.1	27.7	28.6	- 11.5
Special Accounts	14.3	2.6	2.6	- 11.7
Various	1.6	-	-	- 1.6
Totals	884.9	784.1	788.3	- 96.6

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## ARGENTINA (Economic)

## Subject: Federal Budget

## (b) Current and Proposed Budget:

<u>Expenditures</u>	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>Diff. in 1932 compared with 1930.</u>
To be met by Bond issues				
Public Works	176.3	90.7	50.0	-126.3
Armament Renovation				
Laws	30.7	11.3	8.9	- 21.8
Totals	207.2 (1)	102.0	58.9	-148.3
Grand Total	1.092.1	886.1	847.2	-244.9

(1) Including \$201,030 of various expenditures.

GENERAL ADMINISTRATION EXPENDITURES ACCORDING TO  
THE 1932 BUDGET COMPARED WITH THE EXPENDITURES  
AUTHORIZED IN THE 1931 BUDGET.  
(In thousands of pesos m/n)

	Budget Expenditures		Difference
	Authorized in		Amount
	1931 (1)	1932	
Congress	2,468	6,302	+ 3.834
Interior	120,660	119,365	- 1.295
Foreign Affairs	8,373	8,032	- 341
Finance	27,953 (2)	27,434	- 519
New tributes	-	4,000	- 4,000
Justice & Public Instr	127,219	124,760	- 2,459
War	82,819	78,679	- 4,140
Marine	56,678	53,144	- 3,534
Agriculture	24,125	20,102	- 4,023
Public Works	34,672	28,448	- 6,224
Pensions, etc.	38,290	35,610	- 2,680
Totals	523,257	505,876	-17.381

(1) Including for facility of rational comparisons from the authorisation of 1931 the extraordinary expenditures whose authorisation in 1931 amounted to \$10,197,000.

(2) Including, also for facility of rational comparison and as authorised expenditure in 1931, the sum of \$628,840 m/n of expenditures under special accounts, but which in 1932 are included in the budget.

The services of the public debt which in 1931 amounted to approximately to 240 millions of pesos are estimated for the year 1932 at the sum of 251.2 millions of pesos of which approximately five millions will be nominal, since they correspond to the service of bonds issued, but not yet negotiated which are held by the General Treasury of the nation. The same figure is accounted for in the calculation of resources as an extraordinary expenditure. The following table shows the cost of the public debts in 1932:

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## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget:

## PUBLIC DEBT SERVICE IN 1932

<u>Debt Abroad</u>	<u>In Foreign Money</u>	<u>In m/n at Par</u>
Consolidated External Debt		
Dollars	20,219,250	47,625,500
Sterling	3,340,882	38,268,300
Francs	3,972,700	1,805,700
Pesetas	7,040,000	3,200,000
Internal Consolidated Debt		
Dollars	900,000	2,119,900
Sterling	863,618	9,892,300
External Floating		
Dollars	1,302,240	3,067,300
Sterling	32,700	374,500
Totals	-	106,353,500
Internal Debt		
Consolidated	-	102,679,100
Floating	-	42,167,400
Total	-	144,846,500
General Total	-	251,200,000

Public works expenditures for the year 1932 are estimated at \$50,000,000 as compared with \$90,858,000 in 1931 and \$176,261,000 m/n in 1930. The difference between the estimated expenditure on public works in 1932 as compared with a corresponding figure of 1930 is a reduction of \$126,261,000 m/n.

ESTIMATED PUBLIC WORKS EXPENDITURES IN 1932  
With Comparisons

<u>Departments</u>	<u>1930</u>	<u>1931</u>	<u>1932</u>
Department of Public Works			
Architecture	13,568	8,423	7,000
Irrigation	11,304	3,701	2,700
Navigation & ports	17,983	10,978	7,353
Roads & bridges	12,550	6,914	-
Riachuelo works	1,332	691	1,000
Totals	56,737	30,707	18,553
Autonomous departments			
State railways	89,059	26,665	10,000
Sanitary works	23,159	26,889	16,000
Totals	112,218	53,554	26,000
Others			
War Department	4,457	6,229	4,000
Marine Department	763	368	1,097
Department of Agriculture	-	-	350
Subsidies	2,068	-	-
Totals	7,306	6,597	5,447
General Totals	176,261	90,858	50,000

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## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget:PROBABLE RESULTS OF 1932 FINANCIAL YEAR  
(In Millions of pesos)

<u>Objects</u>	<u>Expenditures</u>	<u>Resources</u>	<u>Surplus</u>
To be paid out of cash revenue			
General administration & public debt	757.1	807.4	4- 50.3
Subsidies fund	28.6	28.6	-
Special accounts	2.6	2.6	-
Totals	788.3	838.6	4- 50.3
To be paid out of yield of bond issues:			
Public works	50.0	58.9	-
Armaments renovation laws	8.9		
Totals	58.9	58.9	
Grand Totals	847.2	897.5	4- 50.3

APPROXIMATE RESULTS OF THE 1931 FINANCIAL YEAR  
(In millions of pesos)

<u>Objects</u>	<u>Expenditures</u>	<u>Resources</u>	<u>Surplus or Deficit</u>
To be paid out of cash revenues:			
General Administration & public debt	753.8	641.3	-112.5
Subsidies	27.7	27.3	- 0.4
Special Accounts	2.6	2.6	-
Totals	784.1	671.2	-112.9
To be paid out of bond issues:			
Public works	90.7	-	-
Armaments renovation laws	11.3	92.1	- 9.9
Grand Total	886.1	763.3	-122.8

APPROXIMATE RESULTS OF THE 1930 FINANCIAL YEAR  
(In millions of pesos)

<u>Objects</u>	<u>Expenditures</u>	<u>Resources</u>	<u>Surplus or Deficit</u>
To be paid out of cash revenues:			
General administration	596,950	-	-
Public debt	231,979	621,447	-207,482
Subsidies	40,100	28,577	- 11,523
Special account	14,254	12,998	- 1,256
Various	1,607	-	- 1,607
Totals	884,890	663,022	-221,868
Paid out of bond issues:			
Public works	176,261	71,473	-104,788
Armaments renovation laws	30,739	-	- 30,739
Totals	(x) 207,201	71,473	-135,728
Grand Total	1,092,091	734,495	-357,596
(x) Including 201,000 pesos of various expenditures.			

From M.A. Argentina

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February 24, 1932

## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget:

A very important point to be observed is that in the calculation of debt services the sums are converted at the par rate of exchange. The Ministry's report states that the greater part of the surplus of 1932 will be used to face the difference in exchange in purchasing drafts at the rate of exchange of the day of remittance instead of shipping gold as heretofore. Reckoning 1.70 gold pesos for the dollar in Buenos Aires and 3.45 dollars for sterling in New York, the additional cost of the service of the public debt would work out at 39.8 millions of pesos. But as a part of these services had already been effected in gold the loss on exchange charge should be reduced to 35 millions for the balance of the year. The remaining 10.5 millions of the surplus would be employed in the amortization of the floating debt.



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G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

During the last few weeks, it has become evident that the financial policy of the new Government of Argentina will of necessity be one of the strictest economy. The Government has undoubtedly inherited an extremely difficult financial position from its predecessor, but with the usual defence of the former administration which has characterized the Government so far, the Minister of Finance, Dr. Alberto Hueyo, has explained the present situation by stating that the Provisional Government was saddled at the very start with heavy financial burdens and difficulties, which, as a Provisional Government lacking the same freedom of action regarding the mobilization of new resources as a duly constituted government, it could not overcome.

Although it is intended to use the budget prepared by the Provisional Government as a basis for national expenditure, further economies will be introduced and the revised budget submitted to Congress at the earliest possible date. It has been decided in the process of budget revision, and always operating on a very conservative basis of calculation of future revenue, that the cash revenue anticipated by the Provisional Authorities may not altogether materialize. In fact, in the new estimate, and making good allowance for the operation of the new taxes, the calculation of probable revenue is below that which appeared in the draft budget drawn up by the Provisional authorities. The present calculation is approximately 802.6 millions of cash revenue consisting of 771 millions of general revenue, and the balance from special and subsidies accounts. However, in spite of this, the Ministry of Finance is determined to balance the budget for 1932 regardless of the sacrifices it may entail.

With this idea of reducing expenditure, two so-called "economic measures" have already been issued by the Government by decree dated March 4th. The first of these refers to the filling of Government posts and specifies that only the vacancies for directors or chiefs of government departments will be filled, including the autonomous entities. In all other posts, no vacancies will be filled, except those which are declared at a Cabinet meeting as absolutely necessary for the public services.

The second decree refers to the use of official motor cars and specifies that the expenses originated by the use, garage hire and conservation of the motor cars at the service of functionaries or personnel of the national departments, including the autonomous ones, will not be paid by the State. On principal, the use of motor cars will only be allowed to the functionaries needing them for the fulfilment of their tasks, or who have an entertaining

From M.A. Argentina

Report No. 4535

March 22, 1932.

## ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

expense allowance. Each Ministry will name the functionaries which come under these headings. The salaries of chauffeurs who do not appear in the National Budget and which are at present paid out of the funds of "omnibus accounts", are to be paid by the functionaries who utilize their services. The maintenance of official motor cars has cost the State up to the present time approximately \$1,200,000 a year, plus the figure for the chauffeurs salaries. It is therefore estimated that a considerable saving will result from these economic measures.

Another concrete example of the emphatic manner in which the Government is striving to reduce expenditures was the suppression of the Argentine Legation in Holland. Upon the resignation of the Argentine Minister to Belgium, Dr. Angel M. Casares, the Government decided for economical reasons to unify the Legations in Holland and Belgium, and, pending the approval of the Senate, named the actual Minister in Holland, Dr. Paulino Llambi Campbell, as Minister to both countries, with residence in Brussels, in this manner obviating the necessity for the Legation in Holland and the expense which it entails.

At the moment, among the pressing items of expense facing the new Government is that of payment of salaries which have been in arrears for a considerable time past. In this connection, a Cabinet meeting was held on March 21st. The economies being projected by the various Ministries were taken into consideration, but as these are not sufficient to balance the budget, it was resolved to issue a loan of 500,000,000 pesos, the details of which are still forthcoming, to cover the amortization of the floating debt and the payment of the administration salaries.

The idea of a loan is an excellent one, if they could only figure out where the money would come from. We have interviewed a great number of people in the banking circles here, and it is the general opinion that it would be utterly impossible to raise 500,000,000 pesos locally. There is probably that amount of money to be had in the country, but the Argentine's patriotism, especially the wealthy one, ends at his pocketbook.

Besides the foregoing, the Minister of Finance in addressing the Cabinet pointed out that, as no other revenue was available, the Executive Power, after making all possible economies in every direction, found it necessary to appeal to a reduction in salaries, this especially in view of the fact that it is not considered prudent at this time to propose to Congress the creation of new taxes or the increase of the existing ones. Regarding the latter, collections are already being made

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## ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

the Minister of Finance having signed several resolutions relating to their strict application. It is interesting to note that the Association of Importers (Centro de Importadores) when approached by some of its members with the request for advice as to whether or not to pay the new taxes, issued a statement in the affirmative. The legal and constitutional aspects of the taxes have been the subject of much discussion, but the Association in issuing its statement view the situation as follows:

"The view of the 'Centro' in recommending immediate payment of the new taxes is based on the conviction that any of the other measures possible would be contrary to the credit of the nation and would bring upon the taxpayers themselves consequences far more prejudicial than those involved in the payment of the taxes."

There is no doubt, but that the Minister of Finance will lay before the Congress a definite financial plan to balance the 1932 budget and insure financial stability. This plan will include the loan already mentioned, the reduction in salaries, and there is even talk of a proposal to establish a central bank. The latter idea is by no means new. It was foreshadowed on more than one occasion by the former Minister of Finance, Dr. Enrique Uriburu, and it has had the unqualified support of specialists such as Sr. Carlos Alfredo Tornquist and the actual President of the Caja de Conversion, the engineer Sr. Alejandro E. Bunge. The report of the Bank of the Nation for 1931 clearly shows that establishment is at the present time overloaded with responsibility, and handicapped by the conflicting nature of the functions which it carries out. It is thought that the creation of a Central Bank responsible for and at the same time controlling the currency in accordance with the movement of credit and the internal demand for funds, would at once relieve the strain that most emphatically reacts upon the Bank of the Nation at the present time.

In order to present the country's financial problems to the Congress as soon as possible, the Executive Power has issued a decree summoning the Congress to extraordinary sessions on March 28th, at which time the taxation and budget laws will be considered, as well as the monetary and banking laws and the laws authorizing credit operations.



From M.A. Argentina

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March 22, 1932.

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G-2 Report

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ARGENTINA (Economic)

WAR DEPARTMENT

Subject: Federal Budget.

(b) Current and Proposed Budget:

On March 28th, Congress met in extraordinary session to consider the revised budget and the financial measures proposed by Dr. Alberto Hueyo, the Minister of Finance. The modified budget which awaits the sanction of Congress is as follows:

Art.1. The general budget for 1932 put into effect by the Provisional Government by decree dated January 30, 1932, is hereby modified in accordance with the enclosed tables prepared by the Executive Power.

Art.2. The total of the authorized expenses is therefore fixed at the sum of \$819,608,158.90, without taking into consideration those special accounts not incorporated into the General Budget, in accordance with the following distribution:

I - Expenses to be covered by taxation:

1. General Administration and Public Debt .....	\$ 730,306,438.54
2. Subsidies and Charity .....	27,429,800.36
Total .....	<u>\$ 757,736,238.90</u>

II - Expenses to be covered by the proceeds of the negotiation bonds:

1. Public Works .....	52,972,920.00
2. Expenses in connection with laws of renovation of armaments .....	8,899,000.00
Total .....	<u>\$ 61,871,920.00</u>

General Total \$819,608,158.90

Art.3. The expenses of the General Administration to be covered from general revenue, estimated at \$730,306,438.54, are to be distributed in the following manner:

<u>Departments</u>	<u>Salaries</u>	<u>Expenses</u>	<u>Total</u>
A- Congress	5,703,280.-	598,200.-	6,301,480.00
B- Interior	98,040,490.-	17,696,220.-	115,736,710.00
C- F.Affairs	4,892,190.-	2,735,019.64	7,627,209.64
D- Finance	23,237,390.-	2,615,665.-	25,853,055.00
D- Organization			
renew taxes	-	3,500,000.-	3,500,000.00
D- Public Debt	-	251,198,499.66	251,198,499.66
E- Justice and Pub.			
Instruction	49,574,458.50	74,342,138.-	123,916,596.50
F- War	46,072,896.-	31,042,702.-	77,115,598.00
G- Marine	31,999,480.-	19,919,708.-	51,919,188.00
H- Agriculture	13,908,950.-	3,037,280.-	16,946,230.00
I- Public Works	21,642,555.-	5,539,200.-	27,181,755.00
J- Pensions	-	35,610,116.74	35,610,116.74
Totals	295,071,689.50	447,834,749.04	742,906,438.54

From M.A.Argentina

Report No.4546

April 7, 1932.

## ARGENTINA (Economic)

Subject: Federal Budget.

## (b) Current and Proposed Budget:

	<u>Salaries</u>	<u>Expenses</u>	<u>Total</u>
Totals	2,547,139.50	447,834,749.00	742,906,438.54

## To deduct:-

Reduction in salaries, in accordance with  
the contents of Article 13 of the present law 12,600,000.00

General Total \$ 730,306,438.00

Art.4. The expenses in connection with subsidies and Charity, which are to be covered from special resources, estimated at 927,429,800.36 are to be distributed in the following manner:

	<u>Salaries</u>	<u>Expenses</u>	<u>Total</u>
Public Assistance under the direction of the State .....	9,280,100.-	8,459,180.-	17,739,280.-
Administration dependencies .....	885,360.-	437,348.-	1,322,708.-
Subsidies .....	-	7,761,033.15	7,761,033.15
Building and repairing expenses .....	-	1,006,779.21	1,006,779.21
Totals .....	10,165,460.-	17,664,340.36	27,829,800.36

## To Deduct:-

Reduction in salaries as per Article 13 .....

400,000.-	400,000.00
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General Totals .... 9,765,460.- 17,664,340.36 27,429,800.36

Art.5. The Public Works and the expenditure in connection with the fulfilment of the laws relating to renovation of armaments, which are to be covered by the negotiation of bonds, are to be distributed in the following manner:

## I - Public Works:

Department of Agriculture .....	350,000.00
Department of War .....	4,000,000.00
Department of Marine .....	1,097,000.00
Department of Public Works .....	18,526,000.00
State Railways .....	11,999,920.00
Sanitary Works .....	17,000,000.00

Total ..... 52,972,920.00

II - Armament Laws ..... 8,899,000.00

General Total ..... \$ 61,871,920.00

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April 7, 1932.

## ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

Art.6. From the Superavit of \$42,269,923.51, which is estimated for the present budget, the sum of \$35,000,000 is appropriated to cover the losses originated by the payment of the interest on the foreign debt through difference of exchange.

Art.7. The estimated expenditure for 1932 will be covered from the following resources:

General Revenue .....	772,576,361.85
(including the amount transferred from the special Subsidies budget)	
Subsidies Fund .....	27,429,800.36
(after deducting transference)	
Proceeds of the negotiation of the bonds .....	<u>61,871,920.00</u>
Total Revenue .....	<u>\$ 861,878,082.21</u>

Art.8. The expenses of the General Administration referred to in Article 2 are to be covered from the proceeds of the General Revenue, amounting to \$772,576,361.85, in accordance with the following estimate:

I - Customs and Port duties .....	290,000,000.-
II - Inland Revenue .....	172,000,000.-
III - Property tax, licenses and stamp duty .....	99,000,000.-
IV - Income tax .....	50,000,000.-
V - Tax on transactions .....	36,000,000.-
VI - Participation in profits of autonomous entities .....	12,000,000.-
VII - Posts and Telegraphs .....	46,000,000.-
VIII - Financial Services .....	40,000,000.-
IX - Sundry items .....	<u>26,400,000.-</u>

Total ..... \$ 771,400,000.-

To be added:

Superavit from the special Subsidy  
Fund, transferred to General Revenue:

Economies effected .....	776,361.85
Reduction in salaries .....	<u>400,000.00</u>
Total .....	1,176,361.85

General Total ..... \$ 772,576,361.85

Art.9. The Subsidies expenses referred to in Art.4 are to be covered from the revenue from the Subsidy Fund, according to the following estimate:

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## ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

I - Proceeds from the National Lottery	19,825,000.-
II - Proceeds from the tax on perfumery and patent medicines .....	5,200,000.-
III - Revenue from the Social Assistance establishments under the Direction of the Government .....	1,678,450.-
IV - Other sources of revenue .....	1,322,775.45
V - Revenue for special appropriations	579,936.76

Total	\$ 28,606,162.21
Surplus transferred to General Revenue:	
Economies effected .....	776,361.85
Reduction in salaries .....	400,000.00
	<u>1,176,361.85</u>

General Total .... \$ 27,429,800.36

Art.10. The Executive Power may dispose with obligation of refunding of up to \$100,000 for payment of salaries and \$250,000 for the purchase of paper, ink and other material as an advance from General Revenue, to effect work in connection with official departments.

Art.11. The disbursement corresponding to the special account "Dirección General de Vialidad", a total of \$2,517,846.- to be covered exclusively out of the surtax on petrol for roads, with the exception of 15% of that amount, which is to be taken from the funds of Law No. 5,315.

Art.12. The Ministry of Public Works is hereby authorized to invest up to the sum of \$18,000,000 of the surtax on petrol in the construction of roads and bridges. The same Ministry is also authorized to invest in the construction of roads up to the sum of \$4,000,000 from the funds of Law 5,315. The cost of the extra technical and administrative personnel must not exceed 7% of the sums mentioned.

Art.13. With retroactive effect to January 1, 1932, the wages and salaries of the personnel and the pensions under Annex J, are to be paid with a progressive rebate, in accordance with the attached schedule.

The discount in the scale mentioned includes the 3% for the Pensions Fund established by the General Cabinet council of July 30, 1931. From the total amount deducted from salaries, etc. 3% will be paid into the Pensions Fund, and the balance handed to the National Treasury.

These discounts are not to be made effective on the salaries of the Judges and other functionaries whose remuneration, according to the Constitution, cannot be reduced, unless they voluntarily decide not to exercise their privilege.

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## ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

The special discount and that corresponding to the Pensions Fund are to be calculated on the basic salary established by the present Budget. The same procedure will be followed with the personnel under Special Laws and the autonomous entities, with the exceptions detailed hereafter.

For the pensioned and retired employees, the special discount will be calculated on the net monthly sum collected.

The basis for the discount on the salaries of the military personnel will be the sum taken as a basis to determine the pension for retirement. The progressive scale is to be applied separately to the salary and the gratuity, for the percentage that might correspond to each one.

All the autonomous entities, except the State Railways and the Pension Funds of the various unions, are to deduct from their employees the monthly discount established in the present article, paying in the proceeds into the National Treasury, whenever their expenses are partly or wholly covered from General Revenue.

The discounts effected by the Pension Fund on the salaries of its personnel is to be added to the resources of the Fund.

Art.14. All dispositions which may be in opposition to the terms of the present law are hereby cancelled.

## Scale of Reductions Referred to in Article 13:

<u>Amount of Salaries</u>	<u>Discount %</u>	<u>Total Discount %</u>
From \$160 to 169	4.50	7.20
170 to 179	4.94	8.40
180 to 189	5.32	9.60
190 to 199	5.68	10.80
200 to 209	6.-	12.-
210 to 219	6.30	13.20
220 to 229	6.54	14.40
230 to 239	6.78	15.60
240 to 249	7.-	16.80
250 to 259	7.20	18.-
260 to 269	7.38	19.20
270 to 279	7.56	20.40
280 to 289	7.71	21.60
290 to 299	7.86	22.80
300 to 324	8.-	24.-
325 to 349	8.30	27.-
350 to 374	8.57	30.-
375 to 399	8.80	33.-

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## ARGENTINA (Economic)

Subject: Federal Budget.

## (b) Current and Proposed Budget:

<u>Amount of Salaries</u>	<u>Discount %</u>	<u>Total Discount %</u>
From 400 to 424	9.-	36.-
425 to 449	9.17	38.97
450 to 474	9.33	42.-
475 to 499	9.48	45.03
500 to 549	9.75	48.75
550 to 599	9.92	54.56
600 to 649	10.10	60.60
650 to 699	10.27	66.75
700 to 749	10.45	73.15
750 to 799	10.62	79.65
800 to 849	10.80	86.40
850 to 899	10.97	93.25
900 to 949	11.15	100.35
950 to 999	11.33	107.63
1000 to 1249	12.-	120.-
1250 to 1499	13.65	170.60
1500 to 1749	15.30	229.50
1750 to 1999	16.95	296.60
2000 to 2249	18.60	372.-
2250 to 2499	20.20	454.50
2500 to 2749	21.80	545.-
2750 to 2999	23.40	643.50
3000 to 3249	25.-	750.-
3250 to 3499	26.15	849.90
3500 to 3749	27.30	955.50
3750 to 3999	28.45	1066.90
8000	37.50	3000.-

It is worthy of note that the expenses in the War Department will be \$5,703,090.43 less than those for 1931. Compared with 1931, salaries have been reduced from \$46,087,476.00 to \$46,072,896.00; other expenses from \$36,731,212.43 to \$31,042,702.00; and the total from \$82,818,688.43 to \$77,115,598.00. These economies together with a further saving of approximately \$1,750,000.- from the general reduction of salaries decided upon by the Government will amount to a total saving of \$7,453,090.43.

In view of the necessity of reducing expenditures without delay, a decree was issued through the Ministry of Finance on April 1st, putting forthwith into force the economies included in the projected budget mentioned above, to be later legalized by the actual sanction of Congress. The reductions which go into force immediately are:

<u>Departments</u>	<u>Salaries</u>	<u>Expenses</u>	<u>Total</u>
A- Congress	-	-	-
B- Interior	2,621,410.00	1,006,590.00	3,628,000.00
C- F.Affairs	307,980.00	98,340.36	406,320.36
D- Finance	1,126,190.00	456,973.00	1,583,163.00
D- Organization	-	-	-
renew taxes	-	500,000.00	500,000.00
	4,055,580.00	2,061,903.36	6,117,483.36

From M.A.Argentina

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## ANGE TINA (Economic)

Subject: Federal Budget.

## (b) Current and Proposed Budget:

	4,055,530.00	2,061,903.36	6,117,483.36
E- Justice & Pub. Instruction	104,109.50	755,697.-	859,806.50
F- War	142,100.-	1,295,780.-	1,437,880.-
G- Marine	312,900.-	912,201.27	1,225,101.27
H- Agriculture	2,811,360.-	344,810.-	3,156,170.-
I- Public Works	726,640.-	539,960.-	1,266,600.-
Total.....\$	3,152,689.50	5,910,351.63	14,063,041.13
K- Subsidies and Charity .....	-	776,361.85	776,361.85
General Total .....	3,152,689.50	6,686,713.48	14,839,402.98

The holders of posts which are suppressed by the present decree will be dismissed on April 31, while the reductions in salary apply as from April 1st. In this connection a statement in the Press obtained from semi-official sources places at 6,000 the number of employees who will be dismissed under the new economies in the budget.

With regard to the new budget as a whole, it seems to be the opinion of many that greater reductions should have been made, and that the Federal Government cannot possibly go on supporting a burden of 800,000,000. This view is especially held by Dr. Lisandro de la Torre, National Senator for the Province of Santa Fe, and a member of the Senate Budget Committee, who has vigorously attacked the revised budget in a statement to the Press. Dr. de la Torre believes the budget expenditure should not exceed 600,000,000, and proposes the following measures:

- 1) Reduce by 60 millions the 186 million pesos authorized this year for military purposes.

The 186 millions mentioned by Dr. de la Torre and which he describes as expended for "military purposes" include the administrative expenses for the Departments of War and Marine, the amount from the total for Pensions which correspond to these Departments, the amount from Public Works which correspond to same, the expenses in connection with the laws of renovation of armaments, and a certain allotment under Annex "D" of the present budget.

- 2) Reduce by 45 millions, the 330 million pesos to be spent on salaries and pensions.

- 3) Find resources which are not included in General Revenue for service on the external debt which calls for an expenditure of 12 million pesos monthly. The 249,000,000 so obtained would constitute the surplus for amortization of the floating debt.



## ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

As a member of the Budget Committee, Dr. de la Torre will be in a position to submit his proposed amendments in a more concise and concrete form for consideration as to their practicability. For the moment, however, it is interesting to note that Dr. de la Torre would make "military expenditure", as he describes it, the lion's share of his proposed economies, and by proposing to cut the Service's estimates by almost a third, has made a point of bringing to public attention the charge that the cost of maintenance of Argentina's armed forces is excessive.

Another view entertained by banking officials and financiers regarding the new budget is to the effect that much depends upon the ability of the revenue officers to collect the money expected, and that in reality the only concrete part of the budget is the expenditure column. There is no question in our mind, but that the balancing of the budget can more readily be effected by curtailment of expenditures than by attempt at collection of revenue, and that it is still possible for the Government to cut as much as 60 million more off their expenditures.

Regardless of the adverse criticism, there is a certain amount of satisfaction felt because of the efforts the Government has been making to solve the nation's financial problems. The Executive Committee of the Banking Association, in accordance with a resolution taken, visited the Minister of Finance on the day following the presentation of the Budget to Congress, to express the Association's adhesion to the good intentions of the Government in its financial plans and the work of economic reconstruction upon which it is engaged. The delegation was composed of the following: Mr. Thurburn, Manager of the Bank of London and South America, Sr. Ghirlanda, Manager of the Banco de Italia y Rio de la Plata; Sr. Lanus, of the First National Bank of Boston; Sr. Lewin of the Banco Aleman Transatlantico; Sr. Tobler of the Banco Frances e Italiano, and Sr. Cichero, of the Banco Argentino Uruguayo.

In addition to the drastic so-called "economic measures" issued by the Government, described in our Report No. 4535 and Airmail Dispatch No. 4541, the Ministry of War has now announced that 3,000 conscripts of the class at present under arms are to finish their period of instruction in June, 10,000 men will be released in October and the remainder towards the end of December. It is believed that a considerable saving in pay and rations will be effected in this manner. It has also been ordered that all officers and non-commissioned officers on the retired list, who are at present holding positions in the War Ministry must return to their former status on the inactive list. This measure will represent an economy in the War Budget of \$720,000 a year.

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ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget:

In the Ministry of Foreign Affairs, various consular posts have been suppressed. These include the post of Inspector-General of Consulates, at present held by Dr. David Uriburu.

In the process of the study of the budget in Congress, it is stated that strict comparison is being made with the figures of the last legal budget.

  
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ARGENTINA (Economic)

Subject: Financial.

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WAR DEPARTMENT

(c) Taxation:

In order to meet commitments abroad and balance the Budget for 1932, the Provisional Government has found it necessary, as one of the last acts during its administration, to increase the revenue by creating new taxation measures. According to the Ministry of Finance, energetic and quick action was necessary in order to avoid the two evils which threatened the country: namely, emission and a moratorium on the payment of external loans.

The new taxes which have been decreed are as follows:

- 1 - Emergency Tax on income.
- 2 - Tax on Tobacco.
- 3 - Tax on matches.
- 4 - Internal tax on petrol.
- 5 - Modification of the import rates on perfumes.
- 6 - Tax on tyres.
- 7 - Tax on cinematograph films.
- 8 - A 10 per cent surtax on rates of import duties.
- 9 - Licenses.
- 10 - Tax on foreign remittances.
- 11 - Modification of stamp duties.
- 12 - Super-tax on real estate.
- 13 - Reformation of insurance taxes.
- 14 - Charges for analysis in the national chemical laboratories.
- 15 - Charges on the registration of properties.
- 16 - Charges for the authorization and inspection of limited companies.
- 17 - Official and Judicial bulletin rates.
- 18 - Government notary official's charges.
- 19 - Charges for passports and other identification documents.

It is important to note that the reference to a 10 per cent increase in import duties is based on the decision that the recently imposed increase of 10 per cent which is already effective but which was only valid for part of the year, is now made extensive to the whole of 1932.

The outstanding feature of the new decree is, of course, the Income Tax, which has been distributed as follows:

INCOME TAX

Art.1. As from the 1st of January 1932, and for a term of five years all income deriving from Argentine founts in favor of Argentines or foreigners, whether residents in the territory of the Republic or not will be subject to the emergency tax established in the present disposition.

Art.2. The collection of this tax will whenever possible be effected at its source. Where this is impossible the payment of the tax must be made at the residence

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Subject: Financial.

(c) Taxation:

of the individual concerned or in his absence at that of his representative. When there are several residences or when it is impossible to discover any residence at all or when the representative of the absentee is unknown, the authorities will decide where payment must be made.

Art.3. No income will under any circumstances pay this tax more than once in a year.

Art.4. The following are excluded from this tax:

(a) Official income of diplomatists, consular agents and other accredited official representatives of foreign nations also the income from the official bank deposits of the same, on condition of reciprocity.

(b) The profits which cooperative societies distribute to their associates proportionate to their purchases, excluding the profits obtained by sales made to non members.

(c) Money donated to benefit societies which are not operating for profit and all income obtained by such institutions provided it is totally devoted to public benefit.

(d) The increases in capital which do not derive from the accumulation of income.

(e) Indemnities or premiums paid by insurance companies.

CLASS 1, REVENUE FROM LAND AND PROPERTY.

Art.5. Revenue from rural land will be taxed as follows:

a) When the land is not cultivated by the owner himself a tax of 6% will be payable on the total annual rent, having previous made the deductions contained in article 7. It is estimated that the total rents equal, as a minimum, 5% of the estimated value of the estate unless proved otherwise by the taxpayer and up to the limit established by article 8.

b) When the land is cultivated by the owner himself and its assessed value exceeds \$25,000 a tax of 4% on the annual income will be payable. With this end in view, it is estimated that the annual income will be equal to 5% of the assessed value of the land, unless the owner can prove that it does not reach the proportions mentioned.

c) When the land is cultivated by the owner himself and its assessed value does not exceed \$25,000 exemption will be granted.

Art.6. Income from urban property will be taxed as follows:

City income.- Revenue from city properties will be taxed as follows:

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Subject: Financial.

(c) Taxation:

a) When the landlord rents his property he will pay a tax of 6% on the annual income derived from rental. It is estimated that the total rental will amount to 5% of the assessed value of the estate as a minimum, except when the landlord can prove the contrary, and up to the limit established by article 8.

b) When the landlord occupies his own property or uses for the exercise of his own business he will pay a tax of 6% on the annual income, which is estimated at 5% of the assessed value of the property.

Art. 7. Deductions.- Before payment of the tax referred to in articles 5 and 6, the owner may deduct from his total income mortgage interests on the land in question, the taxes or charges which fall directly on then, and, in the case of buildings or city houses, the percentage which shall be determined as being allowed for maintenance and repairs.

Art. 8. Minimum Land Income.- Agricultural land or city land income cannot in any case be less than 1% of the assessed valuation of the property once the deductions made in the preceding article have been made.

Art. 9. A landlord in the Federal Capital and national territories can, in any case, discount from the tax on his income corresponding to 1932 the amount of the 2 per mil contribution additionally established on the assessed value of the property.

CLASS 2. REVENUE FROM INVESTMENTS.

Art. 10. Tax chargeable.- Revenue derived from investments is subject to a tax of 6% as follows:

a) Taxpayers who received interests on mortgages or any kind of scrip bearing a fixed rate of interest, or money or collateral loaned to private individuals, will pay the tax stated above, which will be applied without any deductions on the total amount of the interest. Bank interest on deposits and discounts are exempt from this tax, but come under class 3, with the exception of interests received by the mortgage sections of such banks.

b) Business men, banks, and other commercial and civil entities will be required to deduct the amounts of the tax when paying interests. The same obligation applies to civil and commercial institutions with regard to the interest derived from bonds emitted by them. Interests on public bonds issued by the National, Provincial, and Municipal Governments and on Banco Hipotecario Nacional cedulas are exempted, as are any class of interest paid to the deposit and discount banks.

## ARGENTINA (Economic)

Subject: Financial.

(c) Taxation:CLASS 3. INCOME FROM COMMERCE AND INDUSTRY.

Art.11. Tax chargeable.- Net profits from commerce, industry, etc., are subject to a tax of 5%. Net profits are interpreted as covering a whole year, the tax to be payable as from January 1, 1932.

Art.12. In order to determine the net profits subject to the tax, the following charges may be deducted from the gross income:

a) Interest on debts, with the exception of those corresponding to the capital invested in the business itself, with the exception of those charged direct to the client, as long as they are not included in the commercial value of the merchandise or services sold nor included in the expenses of the business.

b) The amortizations made in the usual manner on bad debts or property of the business.

c) All the general expenses destined to produce the profits in question, with the exception of the remuneration and personal expenses of the taxpayer and his family, the remuneration in any form to the directors of limited companies, and the expenses which increase the capital value of the business.

d) And eventually, any unusual damages sustained by the property of the business when not covered by insurance or indemnization.

Art.13. Estimated Net Profit.- Without altering in any way the dispositions contained in the preceding article, the tax office created by article 23 may determine the estimated net profits taxable, either on the capital invested or the volume of business.

Art.14. Small Businesses.- In businesses or industries whose volume of sales is less than \$50,000 m/n per year, and where the net profits do not exceed 8%, tax will be paid as if on earned income.

CLASS 4. EARNED INCOME.

Art.15. Taxes Chargeable.- Earned income is subject to the progressive taxes in table No.1, which commence with 1% on a monthly income of \$175.- m/n and conclude with 4% on \$2,000.- per month.

Art.16. Wages, Salaries and Pensions.- Business men or commercial or civil entities, public or private, which pay their employees, laborers, or pensioners, wages, salaries or

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(c) Taxation:

pensions or any other remuneration for personal services, excluding discounts for pensions, will be required to make the necessary deductions contained in the preceding paragraph when the said remunerations are paid by them.

Art.17. Professional Income.- For article 15 it is estimated that the income of a tax-payer exercising a profession is between  $2\frac{1}{2}$  and 4 times the rent he pays for his professional premises and that of his home.

Art.18. Business men or commercial, civil, public or private entity which pays to a professional man a remuneration or honorarium over \$200.- will be required to discount, when payment is made, 4%.

Art.19. Deductions from Estimated Income.- If the total of estimated income, in accordance with article 17, does not exceed \$25,000.- per year, and the tax-payer exercising a profession also enjoys an income derived from that or any other class on which the tax has already been paid, the following deductions may be made:

a) From the total tax to be paid on the estimated income, the tax discounted when payment of wages or any other remuneration referred to in articles 16 and 18 was made.

b) From the estimated income the amount of other incomes excluding those in the previous paragraph, on which tax has already been paid.

Art.20. Estimated Income of Over \$25,000.- If the amount of the estimated income exceeds \$25,000.- per year this will be considered as a minimum. In this case the tax-payer shall make known his professional income when he declares his total income in conformity with article 21.

ADDITIONAL PROGRESSIVE TAX.

Art.21. Everybody whose total income exceeds \$25,000.- per year will be subjected to an additional progressive tax on the round sum, apart from the tax already paid under each class of income in accordance with Table No. 3.

Art.22. Deductions.- The following deductions may be made:

a) Interest paid by tax-payer, always provided that they have not already been deducted from incomes under any classes.

b) Losses sustained during the year from commercial industrial exploitation.

c) Taxes paid or to be paid during the year on incomes of any class included under the round income, and the round tax paid the previous year.

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(c) Taxation:

Articles 23 to 38 refer to methods of control, administration etc. and to penalties for false declaration of income etc.

TABLE No.1

## Taxes on Earned Income.

<u>Monthly Income</u>	<u>Charge from \$100 Income.</u>	<u>Total Tax \$</u>
From \$175.- to 199.- .....	0.500	0.87
" 200.- to 224.- .....	0.520	1.04
" 225.- to 249.- .....	0.540	1.21
" 250.- to 274.- .....	0.560	1.40
" 275.- to 299.- .....	0.589	1.62
" 300.- to 324.- .....	0.621	1.86
" 325.- to 349.- .....	0.654	2.13
" 350.- to 374.- .....	0.688	2.41
" 375.- to 399.- .....	0.718	2.69
" 400.- to 424.- .....	0.750	3.-
" 425.- to 449.- .....	0.813	3.46
" 450.- to 474.- .....	0.875	3.94
" 475.- to 499.- .....	0.938	4.45
" 500.- to 549.- .....	1.000	5.-
" 550.- to 599.- .....	1.250	6.87
" 600.- to 649.- .....	1.500	9.-
" 650.- to 699.- .....	1.687	10.96
" 700.- to 749.- .....	1.875	13.12
" 750.- to 799.- .....	2.062	15.46
" 800.- to 849.- .....	2.250	18.-
" 850.- to 899.- .....	2.375	20.19
" 900.- to 949.- .....	2.500	22.50
" 1000.- to 1099.- .....	2.750	27.50
" 1100.- to 1199.- .....	2.875	31.62
" 1200.- to 1299.- .....	3.125	37.50
" 1300.- to 1399.- .....	3.312	43.06
" 1400.- to 1499.- .....	3.437	48.12
" 1500.- to 1599.- .....	3.562	53.43
" 1600.- to 1699.- .....	3.687	58.99
" 1700.- to 1799.- .....	3.812	64.80
" 1800.- to 1899.- .....	3.875	69.75
" 1900.- to 1999.- .....	3.937	74.80
" 2000.- and up .....	4.000	80.00

(1) Fractions of \$ are not considered.

TABLE No. 2

## Estimated Professional Income.

<u>Monthly Rent</u>	<u>Number of Times</u>	<u>Monthly Income</u>	<u>Yearly Tax</u>
From 70 to 79	2.50	\$ 175.-	10.50
" 80 to 89	2.50	200.-	12.50

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(c) Taxation:

<u>Monthly Rent</u>	<u>Number of Times.</u>	<u>Monthly Income</u>	<u>Yearly Tax</u>
from 90 to 99	2.50	\$225.-	14.60
" 100 to 124	2.50	250.-	16.80
" 125 to 149	2.60	325.-	25.50
" 150 to 174	2.67	400.-	36.-
" 175 to 199	2.86	500.-	60.-
" 200 to 224	3.-	600.-	108.-
" 225 to 249	3.12	700.-	157.50
" 250 to 274	3.20	800.-	216.-
" 275 to 299	3.28	900.-	270.-
" 300 to 324	3.34	1000.-	330.-
" 325 to 349	3.39	1100.-	379.50
" 350 to 374	3.43	1200.-	450.-
" 375 to 399	3.47	1300.-	516.70
" 400 to 424	3.50	1400.-	577.40
" 425 to 449	3.65	1500.-	662.50
" 450 to 474	3.78	1700.-	777.60
" 475 to 499	3.90	1850.-	860.25
" 500 and ±1-	4.-	2000.-	960.-

(1) Obtained by multiplying the monthly rent (column 1) by the number of times.

TABLE No. 3

## Additional Tax on Round Income Exceeding \$25,000.-

<u>Round Yearly Income</u>	<u>Additional Tax per \$100</u>	<u>Additional Tax on To- tal Income.</u>
from 25.000 to 29.999	0.50	\$ 125.-
" 30.000 to 34.999	0.75	225.-
" 35.000 to 39.999	1.-	350.-
" 40.000 to 44.999	1.25	500.-
" 45.000 to 49.999	1.50	675.-
" 50.000 to 54.999	1.75	875.-
" 55.000 to 59.999	2.-	1100.-
" 60.000 to 64.999	2.25	1350.-
" 65.000 to 69.999	2.50	1625.-
" 70.000 to 74.999	2.75	1925.-
" 75.000 to 79.999	3.-	2230.-
" 80.000 to 84.999	3.20	2500.-
" 85.000 to 89.999	3.40	2890.-
" 90.000 to 94.999	3.60	3240.-
" 95.000 to 99.999	3.80	3610.00
" 100.000 to 109.999	4.-	4000.-
" 110.000 to 119.999	4.40	4840.-
" 120.000 to 129.999	4.80	5760.-
" 130.000 to 139.999	5.12	6656.-
" 140.000 to 149.999	5.37	7518.-
" 150.000 to 159.999	5.62	8430.-
" 160.000 to 169.999	5.82	9312.-

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Subject: Financial.

(c) Taxation:

<u>Round Yearly Income</u>	<u>Additional Tax per \$100</u>	<u>Additional Tax on Total Income.</u>
From 170.000 to 179.999	6.02	10.234
" 180.000 to 189.999	6.20	11.160
" 190.000 to 199.999	6.35	12.065
" 200.000 to 209.999	6.50	13.000
" 210.000 to 219.999	6.60	13.860
" 220.000 to 229.999	6.70	14.740
" 230.000 to 239.999	6.80	15.640
" 240.000 to 249.999	6.90	16.560
" 250.000 and over	7.00	17.500

It can be seen that the impost is applied over a remarkably wide area, although its actual incidence is comparatively light at any rate when compared with the sums payable under this head in most of the older countries. There, however, income tax is usually the mainstay of the official revenues, whereas even the most enthusiastic Argentine economists admit that many years must pass before it can be anything but an adjunct to the main body of the Republic's treasury receipts.

As regards the other taxes, cigarettes now cost five cents more per packet, while the tax on cigars has been increased on a scale based on their customary price. Pipe tobaccos are subject to taxation ranging from \$1.55 per kilo up to \$16.-

A super-tax on petrol of 3 centavos per litre has been imposed. The tax is payable on every unit, no matter how sold, all over the country. Distributors pay the proceeds by check to the Banco de la Nación monthly to the order of the Internal Revenue Office. Although this tax is being passed on to the public, the companies will have to bear the expense of collecting it, and they will also be effected by a decrease in the consumption, which it is expected will shortly become noticeable as a result of the tax. An interesting feature of the new tax is that unlike the tax of two centavos a litre which came into force toward the end of last year, it was imposed without consultation with the oil companies and for a different reason. The 2-centavo tax was imposed in the form of a contract with the oil companies for the sole purpose of providing revenue for the construction and maintenance of roads, while the new tax will come under the heading of general revenue. As a gesture of protest against the new tax, the taxi drivers held a 24-hour strike.

An internal tax of \$1.50 per kilo has been levied on motor car tires, whether of native or foreign manufacture. The payment of this tax is made when the tire leaves the factory or the Government deposit. For the importer, however, the new tax is compensated by a corresponding reduction in

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customs duty. This action was taken based on the investigations of a committee appointed by the Government who reported that while the establishment of pneumatic tire factories in Argentina has undoubtedly constituted a valuable contribution to the progress of industry and to the economic well-being of the Republic, nevertheless, the making of tires in the country means the cessation of importation, the Customs duties of which have represented an additional to the national revenue of 20,000,000 pesos per annum. By the new arrangement, the deficit is lessened, while permitting the working of both local manufacturers and importers, whose competition is necessary to maintain prices at their proper level in the local market. The consumer is thus directly benefitted. The two recently erected American factories, the Goodyear and Firestone have protested the sudden change of affairs as unfair to them, claiming that they should be allowed the same privileges obtained by other national industries. We may explain this by pointing out that tires have been singled out as one commodity upon which to level a local tax. As there are no local manufacturers other than the two American firms, it is readily seen that the tax works out badly for them, especially as the Customs tax was reduced on foreign tires in order to place them all on a competitive basis. They can, of course, threaten to close down their plant until an adjustment is made, thereby throwing hundreds of native workmen out of work and return to the importation of tires along with foreign competitors. We have been advised that there is a probability that a revision will be made in this particular tax.

As regards motion picture films, both "talkie" and silent, the ruling of the decree issued on April 15th has been rendered void and a specific charge of \$15 (gold) has been fixed as the only duty. It is the opinion of the leading importers that the immediate result of the new impost will be that the most important films will be brought to the country and that the minor picture and the minor exhibitor will be driven out of the business.

Besides the foregoing, stamped paper charges have been increased, and the tax on real estate (Contribución Territorial) has been raised by 2 per mil for this year.

An important chapter is that dealing with insurance, every variety of which has been included in the new scale of taxation. Insurance policies effected with companies abroad on property or lives in this country will pay 7% on premiums collected for property and 2% on life risks. In relation to the value insured, for a term of not more than ten years, the stamp duties enforced will be identical with those current on policies effected locally. When the term is over ten years the following stamp charges will be collected: up to \$1,000, \$0.50; from \$1000 to \$2000, \$1.00;

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from \$2000 to \$3000, \$1.50; from \$3000 to \$4000, \$2.00; from \$4000 to \$5000, \$2.50; from \$5000 to \$10,000, \$5.00, and over \$10,000 at the rate of \$1.- per mil or fraction thereof. Agricultural insurance is exempted from all tax.

Every foreign company engaged in insurance or re-insurance will deposit in the Caja de Conversión or the Banco de la Nación the following amounts in national bonds: \$600,000 m/n for fire or any one risk, and \$250,000 m/n for each of the other risks insured. The difference between the guarantee funds already deposited in the Caja de Conversión or the Banco de la Nación and that herewith established, will be covered in quotas of 20% each payable on the tenth day of each month from February next to July. The bonds required by the companies to bring their deposits up to the amount fixed, can be obtained at current prices from the Ministry of Finance, and the proceeds will be credited to the account to be opened by the Banco de la Nación for the cancellation of the Baring Brothers loan of £ 1,250,000.

This new decree of the Government compelling foreign insurance companies in Argentina to more than double the amount of their guarantees by the purchase of national bonds up to a total value of 34 million pesos has caused great consternation among the companies. Considering that the foreign insurance companies number forty odd companies, of which no less than 28 are British, it is contended that this imposition is one which affects British interests. This increase in guarantee deposit is, of course, effected against assignment to the companies, by the Ministry of Finance, of Argentine Government bonds earning 6 percent annual interest, but it is claimed that the sum of the already existing guarantee deposit is more than the annual premium revenue of the foreign companies operating in Argentina, and that the increase would signify a tie-up of capital which they can ill afford at the present time. Immediately the decree was promulgated, the Argentine Association of Foreign Insurance Companies held a hurried meeting and drew up a vigorous protest which was presented to the Minister of Finance. According to the statement of one of the members of the Association, although the companies realized the necessity the Government was under to raise money, they could not understand why they had been singled out to pay off a loan raised in England. If any of the companies were unable to meet the demands, he said, they would have no option but to close their doors and throw hundreds of their employees, most of whom were Argentines, out of work. He pointed out that although foreign insurance companies were compelled to find an additional 19 million pesos in five monthly instalments, commencing early next month, Argentine companies were given two years in which to take up bonds of a value of 15 million pesos. The Association, in the petition mentioned above, also pointed out to the Minister of Finance, that, as a contribution to the solution of

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the problem of the payment of the \$50,000,000 debt which fell due in the United States, the foreign insurance companies, notwithstanding the difficult financial condition prevailing in Europe, advanced the Government a loan of \$7,000,000 m/n. It was therefore petitioned that the Government take the matter into reconsideration.

As regards applications for recognition of private limited companies under National jurisdiction, these must be made in future on paper bearing a \$200.- stamp, and all other charges connected with the "Inspección de Sociedades Anónimas" department have been augmented. The tariff for official publications in the "Boletín Judicial" has also been increased.

The Police Department has been authorized to enforce the following scale for identification papers and passports:

Passports .....	\$ 10.-
Cedulas de Identidad (Identification papers) .....	5.-
Certificates for travellers .....	2.-
Certificates for laborers .....	1.-

In the cases where registration is done at the interested parties' homes, charges are as follows:

Passports .....	\$ 25.-
Cedulas de Identidad .....	10.-

The tax on perfumes and other toilet articles has been increased by 50%.

As regards foreign financial transactions, these are subject to taxation as follows:

Class 1.- Drafts, letters of credit, postal or telegraphic orders, simple or documented credits, or any operation which entails a draft or transfer abroad, will pay one-quarter per cent on the equivalent in national currency in regard to the exchange rates at which the transaction is effected. This charge will be paid by the sellers and charged by the selling Bank.

Class 2.- Drafts, postal or telegraphic orders, credit notes, or transfers from one account to another, from abroad in national or foreign currency, will pay one per mil, even when the beneficiaries by the transactions are the head offices, branches, or agencies of the senders of the order or draft. This tax will be paid by the beneficiaries and collected by the Bank.

Class 3.- Drafts and transfers by letter or cable on the exterior, which one Bank sells to another established in

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this country, will pay one per mil, save when the transaction is between head office and branch or between branches of the same institution and both parties are established in Argentina, in which case this tax does not apply. The tax will be paid by the buyer and collected by the seller.

Class 4.- Letters of exchange, drafts, postal or telegraphic transfers which exporters or others, except banks, sell to banks will pay one per mil. This will be paid by sellers and collected by buying bank.

Class 5.- Adjustments, which banks realise with their overseas correspondents will be exempt provided that foreign money is used by both parties.

Class 6.- Documents coming from abroad for collection, drafts, promissory notes, cheques, accounts or any other document, including those relating to shipping, will pay one quarter per cent on their equivalent in national currency at rate of exchange ruling on day of receipt. The tax will be applied before the documents are negotiated, accepted, paid, or presented in court and will be paid by the sender or giver of order and received by the bank responsible for collection of documents.

These charges will be paid by means of stamps attached to the respective documents, except when collected by authorized banks. In the case of foreign currency the rate of exchange applied will be that ruling at the bank, and in the cases where no bank intervenes that fixed by the Banco de la Nación.

Documents which have not been stamped on the date required by this decree will pay a fine of ten times the tax due, as enacted in Law 11,290.

The Government's taxation measures have of course been the subject of much comment both favorable and otherwise. A rather interesting view of the situation is that presented by Major W.A. McCallum, the acting chairman of the British Chamber of Commerce, who has advanced as a possible motive for the promulgation of the decree, the fact that Argentina is searching for a new source of income in preparation for a reduction in her revenue through the granting of preferential duties to countries like Great Britain. In a statement to the press, Major McCallum pointed out that Argentina had hitherto depended to a very large extent on revenue obtained from Customs duties and that the search for new sources of income suggested that she was preparing herself for a possible reduction in that respect owing to the probability of finding herself forced to grant preferential tariffs to other nations. He added that there was nothing definite about this, but that it seemed reasonable to conjecture that preferential tariffs

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might have to be granted by Argentina to Great Britain.

The general comment by the leading business men of all lines is that the tax has only come ten years late. They admit that it is essential and that it is fair in general, the only complaints being in individual cases where it will act as a boomerang unless revised, such as the American tire companies and the British insurance companies.

The one important phase will be the difficulty to collect the tax. I was reliably informed by the General Manager of the National City Bank yesterday that up to the present time, the only firms complying with the law have been the American firms. No local or foreign concerns have made any attempt to pay their taxes. While our people do not like it very much just now, this will probably work to their advantage in the long run, and if partiality is persisted in, it will probably work to the disadvantage of the incoming Government. For example; Mr. Crane of Brown Bros., New York, is here to collect a \$13,000,000 U.S. gold loan maturing in April. Naturally all American interests would like to see this loan extended in order to maintain the very good relations we now have established with the Argentine Government, but, as Mr. Crane has explained, his company cannot afford to carry this loan all by themselves, but they would be very willing to spread it out among such American firms as wish to subscribe to it, especially those having extensive interests in Argentina; none of those concerns are sufficiently interested to subscribe their full portion to this loan, so that Mr. Crane has no other alternative than to collect. He has been in conference with the Minister of Finance for two or three days, and, we understand has explained the situation to him, and the attitude of American firms who believe that partiality is being shown; that these firms find it difficult to continue business against such unfair competition, and, therefore, do not deem it good business to subscribe to such a large loan, when they are liable to be forced out of business in the country at any moment. As Mr. Crane has pointed out, this will not only apply to the loan of Brown Bros. but probably to any future loans which they will endeavor to make in the United States.

The constitutionality of the new taxes has already been questioned in one particular case where the claimant lodged a legal protest before the Civil Court declaring that the increase in the value of stamped paper is illegal, inasmuch as legislation of this kind can, in accordance with the Constitution, only be enacted by the Chamber of Deputies. The Attorneys for the State, however, have established the validity of the decree in the following terms:

"The Provisional Government has the right and the duty to assure order and protect the common interests in the

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different aspects which arrive from the complicated mechanism formed by the institutional life of the country. This was recognized by the Supreme Court of Justice in its decree of September 10, 1930, and those were the reasons which moved it to recognize as valid the acts of the revolutionary Government. The decrees of the Provisional Government can neither be attacked nor discussed."

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The principal forms of Argentine taxes are indicated in the following statement of the Nation's Treasury comparing receipts and expenditures for the first 6 months of 1934 and 1933:

TABLE NO.1		RECEIPTS		Increase or decrease
Cash revenues	Arg.m/n	1934	1933	
Customs of the Capital		127,313,461	132,571,510	- 5,258,049
" " " Interior		12,015,115	12,642,644	- 627,529
Internal taxes		67,320,608	65,504,453	+ 1,816,155
Licenses, stamps and land tax		59,498,398	57,023,602	+ 2,474,796
Income tax		28,811,740	18,660,522	+10,151,218
Transaction tax		9,255,810	10,359,580	- 1,103,770
Profits of autonomous organizations		1,751,762	10,827,588	- 9,075,826
Postal - Telegraph		16,663,949	20,691,409	- 4,027,460
Financial Services		18,257,006	7,084,793	+11,172,213
Income from bonds		5,458,904	4,256,340	+ 1,202,564
Miscellaneous		45,220,253	41,679,585	+ 3,540,668
<u>Revenue from Credit Operations</u>				
Bonds sold		56,368,137	74,660,804	-18,292,667
Patriotic Loan bonds		-	14,342,385	-14,342,385
Law 11,580		-	-	-
Roca Agreement and unblocked funds		26,032,722	-	+26,032,722
Other short term loans		7,970,000	-	+7,970,000
TOTALS		481,937,865	470,305,215	+11,632,650
<u>DISBURSEMENTS</u>				
<u>Official Departments</u>				
Salaries		151,279,307	152,537,454	- 1,258,147
Other expenses		47,851,716	50,065,295	- 2,213,579
<u>Autonomous organizations</u>				
National Council of Education		38,059,434	29,898,947	+ 8,160,487
State Railways		18,233,553	21,089,349	- 2,855,796
Municipalities Capital and Territories		9,892,094	3,577,553	+ 6,314,541
Sanitary Works		13,556,409	2,701,700	+10,854,709
<u>Private Persons &amp; Transport Co's.</u>				
Private Persons & Transport Co's.		10,100,664	26,524,893	-16,424,229
Social Relief Fund		2,384,328	-	+2,384,328
Provincial tax		165,000	213,180	- 48,180
Public Debt Service		150,113,243	156,618,996	- 6,505,753
Cancellation or amortization of short term loans		59,659	3,919,725	- 3,860,066
Pub.Works (1) & Armaments		22,522,297	27,059,125	- 4,536,828
Advances to Provinces Ac't		5,000,000	-	+ 5,000,000
Federal Income Tax		3,067,500	-	+ 3,067,500
Acc'ts from previous years		6,949,591	-	+ 6,949,591
		479,234,795	474,206,217	+ 5,028,578

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TABLE NO.1 Cont'd

Note: (1) Excluding State Rlys and Sanitary Works.

Before discussing the foregoing statement, it may be mentioned that until the end of 1931, the Argentine tax system was similar to that of practically all Latin American countries in that the greatest source of income was the customs house followed by excise taxes grouped under "impuestos internos", business licenses, stamped paper and land taxes.

On January 19th 1932 the Provisional Government by decree established taxes on income and on sales and the newly elected Congress which convened in May of that year confirmed these new taxes with some changes of form. The Table No.2 given below shows various sources of income in Table No.1 in percentages and compares them with the full year of 1932 and the full year of 1931, when the new type of taxes had not been established:

<u>TABLE No.2</u> In Percentages	1st six months <u>1934</u>	1st six months <u>1933</u>	Year <u>1932</u>	Year <u>1931</u>
<u>Cash Revenues</u>				
Customs of the Capital	32.6	34.8	32.7	38.0
" " " Interior	3.1	3.3	-	-
Internal taxes	17.2	17.2	18.7	16.0
Transaction tax	2.4	2.7	2.8	-
Income Tax	7.3	4.9	3.9	-
Postal - Telegraph	4.3	5.4	5.0	5.8
Income from bonds	1.4	1.1	1.0	.7
Licenses, stamps & land tax	15.2	15.0	17.1	16.7
Profits of autonomous organizations	.4	2.8	-	-
Financial Services	4.7	1.9	2.4	4.5
Miscellaneous	<u>11.4</u>	<u>10.9</u>	<u>16.4</u>	<u>18.3</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<u>Revenue from Credit Operations</u>				
Bonds sold	62.5	84.0	20.4	65.9
Treasury notes	-	-	1.4	23.9
Other short term loans	8.5	-	-	10.2
Patriotic Loan bonds				
Law 11580	-	16.0	78.2	-
Roca Agreement and un- blocked funds	<u>29.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

The foregoing table shows how the income and sales taxes (the latter known here as tax on transactions) have affected the distribution of revenue.

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The sales tax has been very unpopular here and the government has been repeatedly urged to repeal it, but the receipts from this tax are important enough to make repeal improbable, even though payment of this tax is confined largely to manufacturers and wholesalers. The income tax is undoubtedly here to stay and judging by the experience of other countries, it will probably be an increasing source of revenue, although thus far observance of the income tax law has been confined principally to business organizations in the Capital City of Buenos Aires and to employees who have the tax deducted from their salary by employers. In order to get cooperation from the provinces, the government has promised a share of this tax to the provincial governments and has made some advances to a few of the provinces. The provinces have a right to demand a share under the Argentine Constitution, and when the time comes that they really receive what is due to them, provincial governments will probably co-operate more actively in the collection of this tax. One gets the impression that thus far the National Government has paid or withheld this tax from the provincial governments, more as a bait for political purposes than as a definite contribution to their treasury, but this question will be ironed out in time.

As regards the other items in the foregoing tables, it may be mentioned that customs receipts in the Capital City of Buenos Aires and in the interior of the country, include port dues, lighterage and other incidental charges, as well as import and export duties. Internal taxes are made up largely of excise taxes, tobacco, alcohol and cosmetics. Stamps and stamped paper form an important item of revenue here as in all Latin American countries. Practically all business houses must pay annual licenses or "patentes". Profits of autonomous organizations include institutions like the Bank of the Nation and the Yacimientos Petroliferos Fiscales or National Petroleum Company. The State Railways thus far have shown consistent deficits, but their situation is said to be improving. "Financial services" are largely made up of income from Sanitary Works to pay for which the government originally issued bonds that are now being amortized by collections from municipalities and individuals. A large part of miscellaneous collections is represented by income from the national lottery, but under this heading are also included such diverse items as serums sold by the National Department of Hygiene, fines collected by the National Labour Department, police income from passports and documents of identity, advertisements in the Official and Judicial bulletins, agricultural inspection and renting of locust barriers.

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Under the heading "revenue from credit operations," the proceeds from bond sales are obtained entirely in the local market. Treasury notes may be issued or short term loans floated at any time, but the proceeds from the Patriotic Loan bonds and the Roca Agreement are practically non-recurring items.

As regards the distribution of tax burdens, it was always asserted before the income tax was established, that the other taxes were largely borne by the poor man, because they were principally taxes on consumption. While this is true in theory, the fact is that until recent years total taxes have been relatively light in Argentina. The great fall in agricultural prices, combined with the tendency of the Argentine land owner or cattle man to mortgage his property or otherwise borrow in anticipation of income, has naturally made taxes seem very heavy. The newspapers here repeatedly assert that the saturation point of taxes has been reached, but it is safe to say that both the income tax and real estate tax could bring in far more than at present if there were more political economy and less politics in the various provincial and municipal governments.

There is no distinction made between nationals and foreigners resident in the country as far as taxes are concerned, but either foreigners or nationals resident abroad must pay an increase of 30% on the normal tax on income derived from Argentina. Incidentally, the income tax does not apply to capital gains. There is also a distinction between national companies and those registered abroad. Foreign insurance companies with branches here, for instance, pay a special tax of 7% on income. All companies formed in Argentina, whether made up entirely of foreigners or entirely of nationals, are given equal treatment.

It is very difficult to estimate the capital wealth of Argentina today, because no census has been taken since the third census of 1914. Using the figures of that census, the Argentine Economist, Ing. Alejandro E. Bunge estimated the capital wealth of the country at \$25,128,000,000 in 1908 and at \$32,656,000,000 in 1916. The principal items of the latter figure were \$10,623,000,000 for land, \$6,800,000,000 for cities and towns with their buildings and other equipment, \$3,375,000,000 for railways and \$3,203,000,000 for the animal industry. He also calculated industrial products as being worth \$1,650,000,000 and agricultural and cattle products as \$1,250,000,000 in 1916.

For purposes of comparison the following round figures may be considered:

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	<u>1915</u>	<u>1934</u>
Population	8,000,000	12,000,000
Monetary circulation	988,000,000 m/n	1,250,000,000 m/n
Bank deposits	1,284,000,000 "	3,577,000,000 "
Grain production (tons)	10,841,000	(tons) 17,500,000

To give comparisons of foreign trade value would be misleading, not only because of the great drop in commodity prices, but because of the exchange depreciation of the peso. On the basis of volume, however, shown in the above figures, it is evident that Argentina has experienced a good growth in total capital wealth. The greater power resulting from increased population, grain production, bank deposits and other similar indices will undoubtedly make itself felt when world conditions become more normal, because as was pointed out in the report on financial stability (See Report No.4932), production costs in Argentina have been greatly reduced in the last few years.

The principal and most frequent criticism of the Argentine taxation system is the duplication by the provinces of national taxes. Many provinces add a gasoline tax to the Federal tax, most of them collect business licenses from houses doing a country-wide business that have already paid licenses in the Federal Capital, and there are various provincial excise taxes in addition to national taxes. This is most noticeable in the Province of Buenos Aires, where additional taxes on wines, for instance, shipped from the Federal Capital to the nearby suburbs practically amount to custom duties interfering with free internal trade. It is hoped that this duplication will be largely eliminated when the National Government makes a definite arrangement with the Provinces about distribution of the income, sales and excise taxes. In fact, a project covering this question has just been submitted to the National Senate.

*Frederick D. Sharp*  
*Co. 7-55 MA*  
 From M.A. Argentina

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WAR DEPARTMENT

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ARGENTINA (Economic)

Subject: Public Debt.

(c) Acquisition of New Loans:

On March 30th, the Minister of Finance presented to Congress for its sanction, the Bill containing the terms of the 500,000,000 peso loan, mentioned in our Report No. 4535. 2347-L-47/1

The principal details of the proposed loan, which is to be known as the Patriotic Loan of 1932, are:

- 1) Total issue; \$500,000,000 m/n
- 2) Form of issue: Five series of 100,000,000 pesos each, in bonds ranging from 50 to 5,000 pesos in value.
- 3) Terms: Interest 6%, payable quarterly, and 1% annual accumulative amortization.
- 4) The administration of the loan to be under a special board, "Junta Autonoma de Amortización" with authority to rediscount the bonds up to a certain limit in the Caja de Conversión.

The actual text of the Bill is as follows:

Art.1. The Executive Power is hereby authorized, under the conditions fixed by the present law, to issue an internal loan, which is to be denominated "Patriotic Loan of 1932", up to the sum of \$500,000,000 paper, with a maximum interest of 6% per annum, payable quarterly, and 1% minimum annual accumulative amortization by drawing and at par.

Art.2. The loan will be issued in series of 100,000,000 pesos each, divided into bonds of 5000, 1000, 500, 100 and 50 pesos each, the Executive Power being authorized to cancel at any moment it may think it convenient, the effects of this law in respect of the bonds not yet issued or subscribed.

Art.3. An honorary commission to be denominated "Junta Autonoma de Amortización" is hereby created to attend to all matters relating to the placing, investment, and services of this loan. The Commission will be presided over by the Minister of Finance, and formed by the President of the Caja de Conversión; one of the members of the Rediscount Commission, which the latter will designate; and three directors, of Argentine nationality, who will be named as follows: one by the official banks, one by the Argentine private banks, and one by the foreign banks with branches in this country. In order to form a quorum there will have to be at least four members present, and, except in the case mentioned in Article 6, decide all matters by majority of the members present. The President will only vote in the case of a tie.

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Subject: Public Debt.

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Art.4. The following matter will be under the special and exclusive domain of the "Junta Autonoma de Amortización":

- a) Determine, according to circumstances, the date on which the series of the loan are to be issued;
- b) Fix, with the approval of the Minister of Finance, the minimum price of issue;
- c) Make direct arrangements for negotiating the bonds, to which end the Minister of Finance will hand to the "Junta" all the bonds it may issue;
- d) Administrate the funds obtained from this operation, being under the obligation to use them exclusively for the cancellation or amortization, in order of urgency, of the overdue salaries and accounts against the Administration, and the overdraft with the Bank of the Nation;
- e) Attend, through the "Credito Publico Nacional" to the services of interest and amortization of the bonds issued, to which effect the Executive Power shall deposit in a special account in the Bank of the Nation, with sufficient anticipation, the necessary funds.

The "Junta" will hold its meeting in the Ministry of Finance, and will have at its disposal the necessary personnel, to be taken from the Administration.

Art.5. In connection with the public subscription of this loan, the Executive Power shall appoint an honorary propaganda commission, which shall work under the direction of the "Junta".

Art.6. The "Junta Autonoma de Amortización" is authorized, with the acquiescence of two-thirds of its members, to take from the Caja de Conversión, as an advance on the bonds which have not been negotiated, banknotes for the equivalent of bonds, which will be valued at 80 per cent of their face value. At any moment it may effect the reverse operation, at the same valuation.

Art.7. Whether through advances on bonds of the present loan, or through rediscount of commercial documents, the gold guarantee must in no case be under the limit of 40% established by laws 9479 and 9577.

Art.8. The amortization of the bonds in the possession of the Caja de Conversión is to be made on the 80% advanced on their value, and the "Junta" is to employ the remaining 20%, and the interest on the total nominal value of the bonds in the Caja, for an extraordinary amortization of an equivalent quantity of the said bonds.

## ARGENTINA (Economic)

Subject: Public Debt.

(c) Acquisition of New Loans:

Art.9. The board of the Caja de Conversión is authorized, if after one year has elapsed from the issue of this law the circumstances should favor such a measure, and previously advising the Minister of Finance and the "Junta", to negotiate gradually in the market, through the Bank of the Nation and at a price not lower than their valuation, a part or the whole of the bonds in its possession by Art.6, withdrawing from circulation the equivalent amount in notes.

Any profit it may make, after deducting the expenses in connection with this operation, is to be employed towards the amortization of the bonds referred to in Art.8.

Art.10. The "Junta" shall exercise the greatest care to graduate the use of the faculty conceded it in Art.6 according to the capacity of the monetary market, and shall try so far as possible to have compensated the increase in circulation in this connection by a prudent reduction of the rediscount of commercial documents.

Art.11. The bonds and coupons of this loan shall be exempt from all taxes, present or future.

Art.12. The expenses relating to printing of the bonds and propaganda, or any other that the enforcement of the present law may demand, shall be taken from General Revenue, to be debited to this law.

Art.13. Any disposition contrary to the terms of this law is hereby repealed.

In its message to the Congress, the Ministry of Finance pointed out that the Executive Power has taken the measures proposed in the Bill much against its will, and, as the only means of finding a quick solution. It is not proposed, therefore, as a system, but as an exceptional emergency measure, which, consequently, does not compromise the Executive Power's doctrine in these matters.

The Minister of Finance has, however, in a statement to the Press, denied any intention of inflation in connection with this project. He stated that the object was more to combat the contraction which has taken place in the last two years owing to the reduction in the cash held by the banks as the result of the excessive immobilization created by the debts of the State. With reference to the rediscount of bonds in the Caja de Conversión, he did not consider the measure could be objected to, given the guarantees specified in the measure outlined above.

From M.A. Argentina

Report No.4550

April 8, 1932.



## ARGENTINA (Economic)

Subject: Public Debt.

(c) Acquisition of New Loans:

According to statements in the Press, Dr. Hueyo, the Minister of Finance believes that an anti-emissionist attitude on the part of the "Junta" described above, which is to have the administration of the loan, is assured by the composition of the "Junta" itself. Its members are representatives of the banking institutions of the country, and include the well known Argentine economist, Ing. Alejandro E. Bunge, who was recently appointed President of the Caja de Conversion. With regard to the latter, it is interesting to note that he is a great friend of President Hoover. Sr. Bunge expects to leave Buenos Aires on May 7th by the steamer "American Legion" to visit the United States.

At present, the general attitude in business and financial circles towards the Minister's financial plan, awaiting the sanction of Congress, seems to be non-committal and reserved. There are, of course, some who consider the measure as definitely inflationist, whether it is officially so or not, but on the other hand, in view of the urgency of the present situation, there are many who believe that the Government has made the best of a bad job, and has arrived at a solution, which, in practice may prove of benefit to the country.

At the present time, it is problematical if the public will provide the funds required. In this connection, it is intended once the measure has been approved by Congress, to start an intensive propaganda campaign with the cooperation of both the national and foreign banks, and it is also proposed at an opportune moment to nominate special committees to instill into the inhabitants of the country belief in the necessity for contributing, whether with large or small sums, to this work of reconstruction of Argentine credit.

  
From M.A. Argentina

Report No. 4550

April 8, 1932.

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1933

G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget

		BUDGET OF DEPARTMENT OF PUBLIC WORKS (1933)			
Departments-	(No. of Employ-ees)	Salaries	Other Expenses	Total Year 1933	Total Year 1932
MINISTRY	154	726,920.-	108,600.-	835,520.-	856,688.-
ARCHITECTURAL DEPARTMENT	304	2,444,260.-	1,191,500.-	3,635,760.-	3,739,785.-
IRRIGATION DEPARTMENT	139	1,158,200.-	189,700.-	1,347,900.-	1,334,525.-
NAVIGATION AND PORTS DEPT.	1042	14,057,440.-	3,597,560.-	17,655,000.-	17,818,930.-
RESEARCH DEPT. STU- DIES & WORKS OF DELTA	44	227,060.-	58,000.-	285,060.-	300,460.-
RAILROAD DEPT.	286	1,354,200.-	122,000.-	1,476,200.-	1,524,625.-
BOOKKEEPING DEPARTMENT	176	610,200.-	30,700.-	640,900.-	665,560.-
TOTAL	2145	20,578,280.-	5,298,060.-	25,876,340.-	28,768,413.-

Note: Valuation Dept. eliminated from this Department of Government, at a saving of \$2,527,840.-

AMOUNTS APPROPRIATED FOR PUBLIC WORKS  
TO VARIOUS DEPARTMENTS.

Department	Year 1933	Year 1932
Architectural Department	12,839,600.00	6,973,000.00
Irrigation Department	3,598,300.00	2,700,000.00
Navigation and Ports Department	6,840,447.07	7,853,000.00
Research Department	1,335,000.00	1,000,000.00
State Railroads	8,000,000.00	11,999,920.00
Sanitary Department	18,925,492.26	17,000,000.00
War Department	5,755,000.00	4,000,000.00
Navy Department	505,000.00	1,037,000.00
Agricultural Department	350,000.00	No data
TOTAL	58,168,839.33	52,912,920.-

From M.A. Argentina

Report No. 4734

August 25, 1933.

## ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget  
(Cont'd from Page 1)OTHER FUNDS ALLOCATED TO VARIOUS MINISTRIES  
AND THEIR PURPOSES.

Department and Destination of Funds	Year 1933	Year 1932
Interior Dept. for		
1. Post and Telegraphs	: 1,237,600.-	: 792,000.-
2. Police Department	: 1,200,000.-	: 844,000.-
3. Bacteriological Institutions	:	:
35,000.-	:	:
Sanitation Stations	:	:
467,000.-	: 2,939,600.-	: 2,070,000.-
State Department for		
Hospitals (Public)	: 499,500.-	: 385,000.-
Finance Department		
Customs Houses	: 243,000.-	: 33,000.-
Navy Department		
Maritime Police Stations	: 12,000.-	: 62,000.-
Dept. of Justice and Public		
Instruction		
Justice	860,500.-	
Colleges & Schools	4,547,500.-	
Universities	2,040,000.-	
Scientific Inst.	125,000.-	
Cordoba Observatory	304,000.-	: 7,877,000.- : No data
Agricultural Dept.		
Agricultural Schools	: 16,000.-	: No data
Public Works Dept.		
Monuments	: 532,500.-	: No data
TOTAL	: 12,839,600.-	

The following is an explanation of the items listed:

Navy Department (Navy General Police)  
Sub police stations, morgues, hospitals  
12,000.00

State Railroad Department  
Improvement of fixed installations  
of the railroad net.  
Purchase of new equipment.  
Maintenance of ways and rolling stock  
6,000,000.00  
Stock for railroad commissaries  
2,000,000.00  
8,000,000.00

From M.A. Argentina Report No. 4734 August 25, 1933

## ARGENTINA (Economic)

## Subject: Federal Budget

(b) Current and Proposed Budget  
(Cont'd from Page 2)

## War Department

Construction:	
new Colegio Militar "El Bolsonar"	220,000.00
Infantry Barracks, Capital	970,000.00
" " , Bahia Blanca	240,000.00
" " , Concepcion del Uruguay	500,000.00
" " , Campo de los Andes	300,000.00
Barracks and Signal School	600,000.00
" " School in Aerodrome "El Bolsonar"	400,000.00
Military Hospital, Campo Mayo	300,000.00
" " , Mendoza	800,000.00
" " , Central,	
" Division Hospital Parana, Salta and Tucuman	550,000.00
Military Geographic Institute	85,000.00
Stables, Cavalry School, Campo Mayo	98,000.00
Barracks, Rosario, Santa Fe, Concordia and Curuzu Cuatia	100,000.00
Repairs, additions, etc. to Barracks in Campo Mayo, Liniers, Capital	350,000.00
Sanitation and drainage Campo Mayo	60,000.00
Purchase of land in Salta for construction of 5 <sup>th</sup> Division Headqts.	20,000.00
Construction of warehouses in Artillery School, Campo Mayo	52,000.00
Construction of mountain camps in the Cordillera for instruction of mountain troops	100,000.00
	<u>5,755,000.00</u>

## Navy Department:

Construction of oil storage tanks at Puerto Belgrano and Ushuaia	110,000.00
Dredging of basin of Mar del Plata for submarine base	135,000.00
Construction of subterranean oil storage tank for 8,000 cubic meters of crude oil	<u>260,000.00</u>

Source of Information: Copy in Spanish of Budget, obtained from Sec'y of Chamber of Deputies.

From M.A. Argentina Report No. 4734 August 25, 1933

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G-2 Report

ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget.

The following is the National Budget for 1934 as sanctioned by Congress on September 30th, 1933, and signed by the President on October 10th, 1933. Law 11572 supplementing the National Budget by 373,990,450.67 was approved on January 19, 1934:

General revenues to cover Budget expenses

	<u>Totals</u>
A. <u>General revenues</u>	
Customs duties	264,000,000.-
Internal revenues	119,300,000.-
Territories, patents, seals, licenses	83,822,000.-
Taxes on returns and incomes	60,000,000.-
Taxes on transactions	23,000,000.-
Miscellaneous taxes	8,500,000.-
Posts and telegraphs	43,000,000.-
Financial services	41,442,480.-
Various revenues	28,443,000.-
	671,507,480.-
B. <u>Social Assistance Fund.</u>	
Lottery National Benefit	16,959,000.-
Taxes on perfumes and luxuries	6,200,000.-
Income from governmental clinics	1,540,000.-
Other revenues	701,000.-
	25,400,000.-
<u>Total Revenue</u>	<u>696,907,480.-</u>
C. <u>Revenue from Sale of Govt. Bonds</u>	99,498,929.-
<u>Grand Total Revenues</u>	<u>796,406,409.-</u>

BUDGET FOR YEAR 1934.

<u>Department</u>	<u>Salaries</u>	<u>Other Expenses</u>	<u>Total 1934</u>
Congress	5,680,700.-	159,748.20	5,840,448.20
Interior	93,905,860.-	17,395,752.00	111,301,612.-
Foreign Affairs & Religion	4,584,540.-	2,756,619.64	7,341,159.64
Finance	26,149,660.-	3,505,479.-	29,655,139.-
Justice & Public Instr.	49,080,128.-	69,372,920.20(x)	118,453,048.20
War	51,123,116.-	21,291,292.-	72,414,408.-
Navy	34,194,232.-	15,527,642.-	49,721,874.-
Agriculture	13,526,580.-	3,258,672.-	16,785,252.-
Public Works	20,028,960.-	4,916,700.-	24,945,660.-
Pensions	41,000,000.-	-	41,000,000.-
Total	339,273,776.-	138,184,825.04	477,458,601.04

Note: (x) Includes \$62,544,400. m/n for subsidies for primary and superior instruction.

From M.A. Argentina Report No. 4854 March 12, 1934.

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ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget.

	<u>Salaries</u>	<u>Other Expenses</u>	<u>Totals</u>
Brought Forward	339,273,776.-	138,184,825.04	477,458,601.04
Reduction in salaries in accordance with Arts. 9, Laws 11671 and 11821	20,893,944.-		20,893,944.00
Savings Realized			25,000,000.-
Total General Administration	318,379,832.00	138,184,825.04	456,564,657.04
Public Debt		277,472,254.17	277,472,254.17
Savings Realized		40,000,000.00	40,000,000.00
Total Public Debt		237,472,254.17	237,472,254.17
Total to be covered by General Revenues.	318,379,832.00	375,657,079.21	694,036,911.21
Social Assistance	10,266,740.00	17,817,904.95	28,084,644.95
Reduced Salaries	220,000.00		220,000.00
Savings Realized			600,000.00
Total for Social Assistance	10,046,740.00	17,817,904.95	27,864,644.95
Public Works all classes:			
Dept. of Agriculture		350,000.-	350,000.-
War Dept.		3,575,000.-	3,575,000.-
Navy Dept.		1,818,000.-	1,818,000.-
Dept. of Public Works		34,108,000.-	34,108,000.-
State railroads		7,146,700.-	7,146,700.-
National sanitation works		19,501,229.00	19,501,229.-
(1) Total		66,498,929.-(1)	66,498,929.-
In compliance with armament laws:			
War Dept.		6,500,000.-	6,500,000.-
Navy Dept.		2,500,000.-	2,500,000.-
Total for Armaments		9,000,000.-	9,000,000.-
National Highways		10,000,000.-	10,000,000.-
Contribution of 4% for Pensions		14,000,000.-	14,000,000.-
Total to be covered by bonds		99,498,929.-	99,498,929.-
GRAND TOTAL	328,426,572.-	492,973,913.16	795,800,485.16

From M.A. Argentina

Report No. 4854

March 12, 1934

## ARGENTINA (Economic)

Subject: Federal Budget

## (b) Current and Proposed Budget.

(Budget for Year 1934, (Cont'd))

Note: (1) Increase in Public Works authorized by Congress under Art. 35 of Law 11672, Jan. 19, 1934

Department	Ant. authorized by Budget	Increased by Law 11672	Total
Architectural	12,432,000.-	7,860,144.13	20,292,144.13
Irrigation	7,464,000.-	2,325,700.-	9,789,700.-
Navigation and Ports	12,147,000.-	10,635,000.-	22,782,000.-
Studies and Works Riachuelo Canal	2,000,000.-	500,000.-	2,500,000.-
Various	65,000.-	-	65,000.-
State Railroads	7,146,700.-	33,453,300.-	40,600,000.-
Sanitary Works (national)	19,501,229.-	13,462,223.-	32,963,452.-
War Department	3,575,000.-	5,699,300.-	9,274,300.-
Navy Department	1,818,000.-	119,783.54	1,937,783.54
Agriculture Dept.	350,000.-	-	350,000.-
TOTAL	66,498,929.-	73,990,450.67	140,489,379.67

*Fredrick S. Ship*

From M.A. Argentina

Report No. 4854

March 12, 1934.

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G-2 Report

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ARGENTINA (Economic)

Subject: Federal Budget:

RECEIVED G/2 W. B. MAR 19 1935

(a) Former Budgets.

The Ministry of Finance has issued a statement showing the Treasury income and expenditure during the twelve months of 1934 compared with the like period of 1933:-

REVENUE RETURNS FOR THE YEARS 1934 AND 1933

Items	1934	1933	I	Increase or Decrease
REVENUE IN CASH	809,279,168	787,224,411		\$22,054,757
Buenos Aires Custom House	264,727,703	272,336,204		- 7,608,501
Custom Houses in the Interior	25,432,325	24,114,743		+ 1,317,582
Inland Revenue	134,757,547	128,428,949		+ 6,328,598
Land tax, licenses, stamp paper	120,242,680	112,333,974		+ 7,908,306
Income tax	63,462,657	59,303,914		+ 4,158,743
Tax on Transactions	18,580,335	23,079,531		- 4,499,196
Various Participations	3,269,715	14,431,712		- 11,161,997
Posts and Telegraphs	36,981,718	40,204,979		- 3,223,261
Financial services	26,451,863	25,003,343		+ 1,448,520
Revenue from bonds	11,068,480	7,470,583		+ 3,597,897
Miscellaneous revenue	104,304,145	79,917,079		+ 24,387,066
REVENUE FROM CREDIT OPERATIONS	174,361,425	166,430,020		+ 7,931,405
Bonds negotiated	95,758,703	102,102,010		- 6,343,307
Ministry of Finance, Law No.11,580	-	14,342,385		-14,342,385
Roca and other exchange loans	70,632,722	35,000,000		+ 35,632,722
Short date loans	7,970,000	14,985,625		- 7,015,625
Totals	983,640,593	953,654,431		+ 29,986,162

From W.A.Argentina

Report No.5092  
Page -1-

February 20, 1935.

OFFICE CHIEF OF BUREAU  
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50203 DEPARTMENT



G-2 Report

ARGENTINA (Economic)

5020

Subject: Federal Budget

(a) Former Budgets.

EXPENDITURE RETURNS FOR THE YEARS 1934 AND 1933

Items	1934	1933	Increase or Decrease
OFFICIAL DEPARTMENTS	429,627,436	436,721,740	- 7,094,304
Salaries	344,455,068	352,551,609	- 8,096,521
Other expenses	85,172,348	84,170,131	+ 1,002,217
AUTONOMOUS ENTITIES	148,952,079	132,222,913	+ 16,729,166
National Council of Education	76,864,112	69,329,905	+ 7,534,207
State Railways	38,233,553	31,772,418	+ 6,461,135
Municipalities of Capital and Territories	15,420,005	16,562,890	+ 1,142,885
Sanitary Works	18,434,409	14,557,700	+ 3,876,709
A/CS. OF PRIVATE FIRMS AND TRANSPORT CONCERNS	21,335,282	40,117,587	- 18,782,305
FUND OF SOCIAL ASSISTANCE	5,852,729	6,102,265	- 249,536
SUBSIDIES TO PROVINCES	363,000	462,660	- 99,660
PUBLIC DEBT SERVICES	285,984,767	290,851,654	- 4,866,887
CANCELLATION OR AMORTIZATION OF SHORT TERM			
LOANS	119,059	3,919,725	- 3,800,666
PUBLIC WORKS (*) AND ARMAMENTS	47,771,804	50,618,169	- 2,846,365
PROVINCIAL PARTICIPATIONS, LAW 11,721	6,000,000	6,000,000	-
PROVINCIAL PARTICIPATIONS, LAW 11,821	9,009,125	-	+ 9,009,125
EXPIRED PERIODS, Budget Law	24,802,030	-	+ 24,802,030
Totals	979,817,911	967,016,713	+ 12,801,198

(\*) Excluding State Railways and Sanitary Works.

From H.A. Argentina

Caprasini

Report No. 5092

February 20, 1935.

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G-2 Report

5000 DEPARTMENT

ARGENTINA (Economic)

Subject: Financial

(c) Taxation

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UNIFICATION OF TAXES

A law was passed on December 24th (No.12,139) vesting in the Federal Government the entire system of internal taxation.

According to the Law, all 14 provinces are given the option of adhering to the law as from January 1,1935.(To date La Rioja is the only province which has not adhered). Each of those who do receive in 1935 from the National Government, instead of the revenue from their own local taxes on consumption, a sum equal to their average revenues from that source during the five years 1929-1933, plus 10%. On this basis the figures are as follows:-

<u>Provinces</u>	<u>In 1,000's of pesos</u>		
	<u>Average Revenue</u>	<u>Increase of 10%</u>	<u>Basic Sums</u>
Buenos Aires	11,557	1,156	12,713
Santa Fe	7,436	744	8,180
Cordoba	6,091	609	6,700
Entre Rios	2,317	232	2,549
Tucuman	1,914	191	2,105
Salta	1,358	136	1,494
Santiago del Estero	731	73	804
Mendoza	579	58	637
Jujuy	530	53	583
Corrientes	429	43	472
San Luis	416	42	458
San Juan	194	19	213
La Rioja	118	12	130
Catamarca	111	11	122
Totals	33,781	3,379	37,160

As from January 1936 there will be deducted annually from each adherent province, 10% of the sum corresponding to it in terms of the foregoing article. Thus, from Buenos Aires there would be deducted for 1936, one tenth of 12,713 (mil), and from Catamarca one tenth of 122 (mil). Identical 10% deductions are to be made in respect to each succeeding year up to 1944, when naturally, their proportion will have reached the 100%.

However, the sums deducted each year as from January 1,1936, are to be pooled and redistributed amongst the adherent provinces in proportion to the population of each, in accordance with the last national census, so that up to 1939 the provinces would receive the following sums:-

From M.A.Argentina

Report No.5093

February 21,1935.

## ARGENTINA (Economic)

Subject: Financial

(c) TaxationUNIFICATION OF TAXES (Cont'd)

<u>Provinces</u>	<u>In 1,000's of pesos</u>			
	<u>1936</u> <u>10%</u>	<u>1937</u> <u>20%</u>	<u>1938</u> <u>30%</u>	<u>1939</u> <u>40%</u>
Buenos Aires	1,284	2,568	3,852	5,136
Santa Fe	559	1,118	1,677	2,236
Cordoba	457	914	1,371	1,828
Entre Rios	264	528	792	1,056
Tucuman	207	414	621	828
Salta	88	176	264	352
Santiago del Estero	163	326	489	652
Mendoza	172	344	516	688
Jujuy	48	96	144	192
Corrientes	216	432	648	864
San Luis	72	144	216	288
San Juan	74	148	222	296
La Rioja	50	100	150	200
Catamarca	62	124	186	248
Totals	3,716	7,432	11,148	14,864

In addition to the foregoing, each of the adherent Provinces is to receive, in 1935, a supplement equal to 10 per cent of its basic total as above indicated, with a further 10 per cent each succeeding year up to 1939 inclusive. The result of all this, by the end of 1939, will be that the 14 Provinces will be receiving amongst them, from the National Government, 55,740,000 pesos as compared with their joint basic total (in 1935) of 37,160. In 1935 they will receive from the Nation 40,876,000; in 1936, 44,592,000; in 1937, 48,308,000; in 1938, 52,024,000; in 1939 55,740,000.

Article 6 of the law provides that the Provinces producing wine, alcohol and sugar, adhering to the law, shall receive during 1935 the average of what they would have collected in taxes on those products from 1929 to 1933 inclusive. In accordance with this provision, the amounts payable to Mendoza, San Juan, Tucuman, Jujuy and Salta in 1935 would be 32,084,000 pesos. As from January 1, 1936, the annual payments in this respect are to be reduced by 5 per cent every year until 1939 inclusive. As from January 1, 1940, there is to be an annual decrease of two per cent until a total decrease of 50 per cent is attained - in 1954 - with a total payment for that year of 16,042,000 pesos.

In compensation for their decreased revenues, the Provinces affected by the foregoing provision are entitled to require the Nation to take over the service of their debts to the nominal value of the sums which the Provinces cease to collect every year by reason of the application of the preceding Article.

Article 10 provides that the average of the amounts conceded to the Provinces by virtue of the law in the years 1938 and 1939, compared with the average of the sums collected by the Nation

## ARGENTINA (Economic)

Subject: Financial

(c) Taxation.

on its own behalf during the same period in respect of internal taxes, shall determine the proportion which as from January 1, 1940, shall correspond to the Nation and to the Provinces as a whole, out of the total proceeds of the national internal taxes.

Article 12 provides that the internal taxes shall be deposited by the taxpayer in the nearest office of the Banco de la Nacion Argentina - and nowhere else.

Article 18 prohibits the Provinces from levying any local internal taxes during the term of the law.

Article 19 specifies the numerous existing Provincial laws creating taxes on articles of consumption, which have to be annulled.

Article 25 ordains that genuine wines, national or imported, shall pay 5 cents per litre indiscriminately in respect of internal tax; that home-grown or imported sugar shall pay 2 cents per kilo; that genuine beer manufactured exclusively from malt obtained from Argentine barley shall pay 5 cents per litre, whilst beer made from foreign malt or from mixtures of foreign and national malt, shall pay 8 cents per litre.

Article 26 excluded naptha from the operation of the law.

Article 27 fixes the duration of the law at 20 years to be extended for a further ten years if none of the parties denounce it with two year's notice.

There has been considerable favorable comment in the Press regarding the advantages of this new law. The December 28th, 1934, issue of the Review of the River Plate gives a good summary of these advantages as follows:

"To the casual and impartial observer, it would seem that the Nation is behaving with perhaps excessive generosity at a time when economic conditions are not too promising. Against that opinion have to be set several considerations: first, that the present equivocal system of wasteful and in fact, unconstitutional territorial Customs jurisdictions, will be abolished; second, that the Provinces whose finances generally speaking are of the hand-to-mouth order, will be able to count upon a regular and known annual contribution from a paternal Federal Government; third, that the wine and sugar-growing Provinces of Mendoza, San Juan, Jujuy, Salta and Tucuman, will be able to transfer their public debts to the Nation, to their individual advantage and to the enhanced credit of the Republic; fourth, that the unification of the taxes on wine and sugar tend to a greater consumption of both those articles, to the manifest benefit of all concerned; treasury, producers, consumers; fifth, that the unification of taxes in general will do away with the present systematic practice of evasion or "smuggling" which in the case of the Province of Buenos Aires, for instance, is reckoned by the National Minister of Finance to involve it in a loss of at least half its present revenues from taxes on articles of consumption; sixth, that the collection of the taxes being entrusted to the branches of the Banco de la Nacion, will be cheap - gratis, indeed; and finally and in general, the unified system is logical, constitutional, economical."

## ARGENTINA (Economic)

Subject: Financial

(c) Taxation.

"It has been argued against it that it places undue power in the hands of the Federal Government, to the prejudice of the autonomy of the Provinces. Against that, it can be said that the pact is an entirely voluntary one on the part of the Provinces, besides being apparently greatly to their advantage. For our part, we agree that the tendency is to centralise power in the Federal Government, and we are further of opinion that the economic upper hand must eventually and inevitably involve the political upper hand: but as onlookers, we think that this will be all to the good. National interests are involved, and a territorial distribution of fiscal attributes can only be bad. Speaking with the utmost respect for local authorities whose control of social services, municipal undertakings, etc. can be and frequently is admirably efficient, we are inclined to deplore the confiding to them of such vital and far-reaching functions as the taxation of articles of common consumption. Who for instance would care to be catered for permanently, in essentials, on a really large scale by the tragi-comic body known as the Deliberative Council of the City of Buenos Aires? or the Legislature of Catamarca? or La Rioja?"

"In fine, we are convinced that the credit of the Argentine Nation will be appreciably enhanced by this tax unification law, and whatever enhances the credit of Argentina as a whole, enhances the credit, and in consequence the welfare and the prosperity, of all the constituent members of the body-politic.

*Frederick Sharp*  
From M.A. Argentina

Report No. 5093

February 21, 1935.

*Capt G. M. A.*

G-2 Report

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ARGENTINA (Economic)

Subject: Federal Budget.

(b) Current and Proposed Budget.

NATIONAL BUDGET 1935 - 36

Department	Salaries	Miscellaneous Expenses	Totals
Congress	5,680,700.-	159,748.20	5,840,448.20
Interior	93,905,860.-	17,395,752.-	111,301,612.-
State & Church	4,584,540.-	2,756,619.64	7,341,159.64
Treasury	26,149,660.-	3,505,479.-	29,655,139.-
Justice & Public Inst.	(49,080,128.-	( 21,588,348.20	( 70,668,476.20
Nat. Committ. on Educa- tion	(84,505,878.-	( 16,891,520.-	(101,397,398.-
War	51,123,116.-	21,291,292.-	72,414,408.-
Navy	34,194,232.-	15,527,642.-	49,721,874.-
Agriculture	13,526,580.-	3,258,672.-	16,785,252.-
Public Works	20,028,960.-	4,916,700.-	24,945,660.-
<u>Total</u>	382,779,654.-	107,291,773.04	490,071,427.04
Less Economy Law	-7,100,000.-		-7,100,000.-
<u>Total</u>	375,679,654.-	107,291,773.04	482,971,427.04
Pensions		41,000,000.-	41,000,000.-
Less Economy Law		-1,500,000.-	-1,500,000.-
TOTAL BUDGET	375,679,654.-	146,791,773.04	522,471,427.04
Special Laws Public Works		120,000,000.-	120,000,000.00
	375,679,654	266,791,773.04	642,471,427.04

BUDGET RECEIPTS 1935 - 36

Customs House and Ports	730,341,078.-
Internal revenue taxes	304,440,000.-
Territorial contributions	14,873,000.-
Patents & Licenses	11,500,000.-
Stamp taxes	53,000,000.-
Taxes on rents	66,000,000.-
Sales taxes	24,750,000.-
Misc. taxes	8,000,000.-
Posts & Telegraph	42,000,000.-
Tax on Financial Transactions	42,449,078.-
Various receipts	18,675,000.-
School taxes and books	33,654,000.-
Public Service Fund	28,000,000.-
Total	758,341,078.-

Arg.m/n

FREDERICK D. SHARP,  
Captain, G.S.,  
MILITARY ATTACHE

Report No. 5123

March 18, 1935.

ARGENTINA (Economic)

Subject: Federal Budget

(b) Current and Proposed Budget.

Note:

There is a difference in the total figure for the War Department shown under the National Budget and that given in the Army Budget itself. (See Report No.512, Army Budget). This difference of \$3,394,507 Arg.m/n is for miscellaneous expenses which was added on to the Army Budget after the passage of the National Budget Law.

Source of Information: National Budget Law.

Frederick D.Sharp,  
Captain,G.S.  
Military Attache

Report No.5123

March 18,1935.

G-2 Report

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MAR 30 1936

ARGENTINA (Economic)  
Subject: Federal Revenues and Expenditures

(b) Current and Future Years.

RECEIVED G/2 W. D. MAR 30 1936

Budget Public Works  
for 1936 - 37.

Department of Architecture	\$ 22,775,400.
Department of Irrigation	6,667,500.
Department of Ports and Harbors	26,305,100.
Department of State Railroads	32,500,000.
Department of Sanitation	22,195,000.
Department of Agriculture	350,000.
Navy Department (New Construction)	3,135,000.
War Department (Construction of New Barracks)	8,962,000.
War Department (Construction of New Target Range)	2,637,902.08
	\$125,527,902.08 m/n
	or \$52,303,540. US Cy.

The Government has decided to erect two large buildings for the War Department and Navy Department. The new War Department will cover 50,000 square meters, 14 stories and cost 7,500,000 pesos; the Navy building will cover 22,000 square meters, 14 floors and cost 3,500,000 pesos. The work will commence early next year and be finished at the end of 1937 or first of 1938.

The funds as shown above under Public Works for War Department are distributed as follows:

1. Federal Capital - Infantry Barracks continuing the construction. 905,000
2. Territory of Neuquen - Construction of a barracks at Los Lojes. 108,000
3. Cordoba - Aviation school at the National Aviation factory. Continuation and termination of construction at the air bases of El Palomar, Parana and Los Tamarindos. 820,000
4. Central Military Hospital - Enlarging hospital. 355,000
5. Campo Mayo, Liniers, San Martin, Federal Capital and interior - Repairs, enlarging and new construction. 950,000
6. Studies, preparation of plans. 70,000
7. Campo Mayo - Barracks for Signal Corps troops 987,000
8. San Martin, Campo Mayo and El Palomar - new sewers and connection to city works, new waterworks for Campo Mayo. 164,000
9. San Luis - continuation of barracks construction. 500,000
10. Villa Mercedes (San Luis) - Continuation of construction of barracks. 600,000

From M.A. Argentina

Report No. 5303

February 27, 1936.



ARGENTINA (Economic)  
Subject: Federal Revenues and Expenditures

(b) Current and Future Years.

11. Santo Tome and Paso de los Libres (Corrientes) - Continuation of construction of barracks.	450,000
12. Campo Mayo - Construction of N Co's quarters, storehouses, post exchange, theatre, club.	1,000,000
13. El Palomar - Continuation of construction on new Military Academy.	100,000
14. Salta - Construction 5th Division Headquarters.	100,000
15. Construction, repairs, etc. Ministry of War and other buildings.	100,000
16. Rosario (Santa Fe) - Continuation and completion of barracks.	10,000
17. Santa Fe - Continuation of construction of barracks.	160,000
18. Concordia, Entre Rios - Continuation of construction of barracks.	40,000
19. Curuzu Cuatia, Corrientes - Continuation of construction of barracks.	20,000
20. Concepcion del Uruguay, Entre Rios - Continuation of construction of barracks.	45,000
21. Bahia Blanca - Continuation of construction of barracks.	30,000
22. Campo de los Andes, Mendoza - Construction of new barracks.	173,000
23. La Rioja - New barracks.	520,000
24. El Palomar - New barracks, hangar and school bldg.	200,000
25. Parana, Cordoba and Tucuman - Continuation of construction of division Military Hospitals.	100,000
26. Salta, Campo Mayo and Mendoza - New Division Military Hospitals.	435,000
27. Construction of radio buildings, pigeon cages, El Palomar.	20,000
28. Federal Capital - Repairs to barracks.	105,000
29. Bolivar (Buenos Aires) - New target ranges.	10,000
30. Rio Segundo, Cordoba - New target range.	5,000

\$8,962,000 m/n

*Frederick S. Shoop*  
Capt USMA

From M.A. Argentina

Report No. 5303

February 27, 1936.

NO OBTAIN TO PUBLICATION  
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G-2 Report

2  
WAR DEPARTMENT  
5020

ARGENTINA - Economic

Subject: Federal Revenues and Expenditures

Three Year Resume of Argentine Finances.

1936

On April 24, 1937 the Minister of Finance, Doctor Roberto M. Ortiz (the most likely candidate for the next President of Argentina) invited representatives of the Press to meet him at his office at Government House when he issued to them a statement relative to the closing of the financial year 1936; the policy to be observed during the current year in the matter of expenditure, the composition of the 1937 Budget; the monetary situation and the conversion of the dollar debts then contemplated.

Freely translated from La Nacion, under the title "Absolute Equilibrium in the 1936 Period", Doctor Ortiz commenced his statement by saying that as a consequence of the measures adopted in the early months of the current year concerning the closing of the accounts for 1936, the Accountancy General of the Nation had been able to formulate that year's financial balance fifteen days before the date fixed by law for the closure of the books, an achievement he was pleased to be able to record as it was the first time it had happened. The Minister then went on to say that the figures for 1936 showed complete equilibrium, both the administrative expenditure, absorbing 822,000,000 pesos, and the expenditure payable in bonds, having been totally covered out of the ordinary and extra-ordinary resources provided for by law.

Doctor Ortiz pointed out that he confined himself to enunciating the result of the past year in general terms, as being very gratifying for the country and as an anticipation of the exact and detailed figures which, illustrated by analytical tables, would be given out by the President of the Republic in his Message at the opening of the ordinary sessions of Congress. Doctor Ortiz emphasized the fact that the revenue showed no appreciable decline notwithstanding the alleviation afforded to the tax-payer by the suppression and the reduction of tributes representing very large amounts; by the extension of different maturity dates and by the facilities accorded for the payment of taxes in arrear. The Minister also directed attention to the fact that the State had collected the sums necessary to meet the expenditure sanctioned notwithstanding that the 1936 Budget was increased (in a notorious manner) by the incorporation in it of payments ordained by special laws and extraordinary authorizations.

1937

Continuing his statement, the Minister of Finance said that the results already obtained justified the anticipation that with the prosecution of a prudent and moderate policy, contemplating only the immediate and urgent necessities of the public administration it will be possible likewise to balance the budget of the current year, because although it is true that it includes heavy disbursements, it has to be taken into account that, generally speaking, collections of the different items of the revenue show an ascending curve. Doctor Ortiz thought it needless to enlarge upon the manifold benefits deriving from this policy of adjustment of expenditure to income, reflecting in the strengthening of the country's credit and the improvement in

From: M.A. Argentina

Report No. 5573

Date: April 30, 1937

the whole of its economy. He added that he was glad to be able to say that to the satisfactory figures of the closing of the year to which he had referred, there was added a solid monetary situation, emergent from the favorable balance of payments and the timely measures adopted by the Executive Power. Touching this point, Doctor Ortiz declared that there was no foundation whatever for rumors which had circulated concerning alteration of the value of the national currency as a consequence of the fall in the franc and other units. The Government, he said, is not studying or contemplating any monetary measure tending to modify the existing situation.

1938

As regards the preparation for the budget for next year (the Argentine fiscal year is concurrent with the calendar year), the Minister said that he already had in his possession all the partial information relative to each of the Ministries and nearly all the estimates of the autonomous dependencies. Consequently he was able to announce, that as it had proposed, the Government would submit to Congress the projected budget of expenditure and revenue in the second part of the month of May, thus complying moreover, with the constitutional precept which exacts this procedure.

Referring to the conversion of the last 6 per cent loans circulating in the United States for a 4 per cent one of 35 million dollars, Doctor Ortiz said that the deposit of the corresponding declaration and antecedents with the Exchange and Bond Official Registry was a matter of form and that the decision regarding the definitive issue would, as was customary, be subject to the satisfactory conditions and the possibilities of placing the loan offered by the United States market. In conclusion Doctor Ortiz said that he had been informed by the Finance Secretariat of the Buenos Aires Municipality that the new issue of nine million pesos in municipal bonds would not be offered to the public, and that thus, they would not affect the local bond market.

Source of Information: As stated.

*Lester Baker*  
Lester Baker  
Lt. Col., Inf.  
Military Attache

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IN SERVICE JOURNALS.

NOV 1938  
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DEPARTMENT

G-2 Report.

5,020.

ARGENTINA - Economic.

Subject: Federal Revenues and Expenditures;  
1939 Budget Outlook.

RECEIVED G/2 W. D. NOV 4 1938

Although Congress adjourned on September 30th without considering passing a budget for 1939 except to provide that the 1938 budget - which was also a continuation of that of 1937 - should be continued with slight modifications, Dr. Pedro Groppo, Finance Minister, in a report to Congress took an extremely conservative view on the financial situation for the coming year. He very forcefully called upon Congress for drastic curtailment in public expenditures.

Increased expenditures for 1939 are deemed inevitable owing to heavy amortization of several foreign loans which will commence in January 1939. Another important circumstance will be the purchase of equipment for the air force. Formerly both these expenditures were financed by the sale of bonds.

Revenues for the year 1939 are conservatively estimated at 855,900,000 pesos - about one-third in U.S. currency - which is about 10% less than the anticipated revenue for 1938. The chief reduction will be in Custom House receipts due to the fall in imports.

The Public Works program financed through credit operations will be entirely separated from the budget. The Council for Public Works will draw up a five-year plan of works with a strict adherence to the principle of finishing works already started before embarking upon new undertakings. The road building program which is financed entirely with cash from the gasoline tax will continue as before.

In Dr. Groppo's message he asks forcefully for Congressional cooperation in finding ways and means to secure the greatest possible number and degree of economies. He issued a warning that if any new laws required by the social and economic progress of the country are passed, this will necessitate inevitable corresponding increase in Government expenditure, in which case Congress will have to provide the necessary revenue by increasing rates of taxation or by creating new sources of revenue.

Source: Groppo message.

*Lester Baker*  
Lester Baker, Col. Inf.,  
Military Attaché.

Original & 5 copies mailed Oct. 15th.

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G-2 Report.

5,020-b

ARGENTINA - Economic.

Subject: Federal Revenue and Expenditures;  
Budget for 1939.

RECEIVED G/2 W. D. FEB 20 1939

On January 26, 1939, the Argentine Congress finally passed the national budget for the current year - the fiscal and calendar years coincide in Argentina. The budget is supposed to be submitted to Congress in the month of May preceding the fiscal year. This 1939 budget was presented during the regular session of Congress which ended September 30, 1938, but was not acted upon before adjournment. A special session of Congress was called in November to consider, among other pressing matters, the budget for 1939.

Also at the special session, Congress sanctioned the expenditures made in the 1938 budget, approving these expenditures on December 16, 1938. Since 1935 there has been no annual budget passed by the Congress. Each year since 1935 the budget for the preceding year was continued but with special laws and even executive orders changing appropriations from time to time so that no accurate check could be made on the expenditures.

Even the 1939 budget does not really tell the story of the financial conditions for the current year, because certain expenditures are to be met from bond issues instead of from revenue. For instance, the Executive is ordered in the budget bill to make "economies" of \$60,000,000 Argentine pesos and to report that such has been done to the Congress after it assembles in May. Also, the State is to make its contribution to the Highway Department, Civil pensions, and Military pensions by the proceeds of an issue of bonds amounting to \$23,500,000. It is also to contribute to the National Parks the sum of \$2,500,000 from bond issue.

On the other hand the State Petroleum Department is ordered to contribute \$10,000,000 to the general revenue, but this does not appear in the budget as revenue in cash.

The budget provides that the Executive Power is authorized to make use of short-term credit to meet contingent necessities of the general treasury to a total which must not exceed one-fourth part of the annual average of the resources obtained during the last three years.

The Executive Power may expend during 1939 on the execution of public works already authorized up to \$200,000,000 to be obtained by the issue of bonds.

As adopted by Congress, the 1939 budget is the largest in the history of Argentina. The total expenditure amounts to \$1,048,785,221 pesos. Of this amount, \$23,500,000 is to be covered by bond issues which brings the total down to \$1,012,285,221. According to the estimates there will be an actual deficit of \$134,465,546, as the estimated cash expenditure is \$988,785,221 while the estimated revenue in cash is only \$854,319,675. This deficit comes about after the Executive has reduced expenditures by \$60,000,000; if these economies are not made, then the deficit will be just \$60,000,000 larger.

From M/A Argentina.

Report No. 5949.

February 6, 1939.

G-2 Report.

5,020-b.

The 1939 budget of Argentina provides for the following expenditures, and the corresponding totals for 1938 are shown;

	Salaries & wages	Other ex- penditures	Total.	Total for 1938.
Congress	\$6,194,600	\$ 451,000	\$ 6,645,000	\$ 6,412,000
Interior	108,476,900	29,650,586	138,127,486	137,889,026
Foreign Affairs				
& Pub. Worship	5,541,060	4,335,875	9,876,935	10,957,184
Finance	32,790,540	8,380,479	41,171,019	39,826,359
Justice and				
Pub. Instruction	71,695,253	49,341,641	121,036,894	110,589,178
Nat. Council of				
Education	115,643,982	20,981,084	136,625,066	131,901,326
War Dep't	66,083,985	52,657,285	118,741,270	108,905,500
Navy Dep't	46,692,217	27,483,969	74,176,186	73,046,186
Agriculture	20,592,880	12,224,520	32,817,400	38,312,900
Pub. Works	25,437,060	8,182,400	33,619,460	33,907,870
Annuities, etc.		53,000,000	53,000,000	53,000,000
State civil pen- sions, etc.		19,800,000	19,800,000	19,800,000
Special assist- ance	18,752,390	32,160,551	50,912,941	46,387,106
Total	\$ 517,900,867	318,649,390	836,550,257	810,934,575
Debt Service		212,234,964	212,234,964	184,749,964
Total	517,900,867	530,884,354	1,048,785,221	995,684,539
Economies to be effected			60,000,000	
General total			988,785,221	995,684,539

The revenues to meet the above expenditures are estimated as:

Customs and Ports	\$ 330,000,000
Unified Internal Taxes	161,422,200
Land Tax	28,050,000
Income Tax	100,000,000
Sales Tax	33,000,000
Stamp Tax	60,000,000
Licenses	2,399,000
Petroleum Royalties & Mining Duties	3,000,000
Inheritance Tax	15,000,000
Various Participations	13,000,000
Posts and Telegraphs	40,550,000
National Charity Lottery	16,000,000
Various Revenues	51,319,000
Total General Revenue	\$ 854,319,675

The Argentine paper peso, in which the budget is calculated, is worth in U.S. currency at the official rate of exchange \$.29 (this is the average of the buying and selling rates established by the Government).

Source: Congressional Record.

*Lester Baker*  
Lester Baker, Col. Inf.,  
Military Attaché

Original & 4 copies airmailed Feb. 11th.  
Confirmation copy by steamer Feb. 11th.

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AUG 18 1939  
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WAR DEPARTMENT

AIR MAIL

G-2 Report.

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ARGENTINA - Economic.

Subject: Federal Revenues and Expenditures;  
Proposed Budget for 1940.

RECEIVED G/2 W. D. AUG 16 1939

Late in July 1939 the Ministry of Finance presented to Congress the bill for the 1940 Budget which calls for expenditures of almost \$1,090,000,000 Argentine pesos with an estimated revenue of only \$923,000,000 which gives a deficit of \$167,000,000. This is a record deficit for the country, and the Finance Minister suggests that new taxes will be necessary to cover the increased expenditures.

The fiscal and calendar years coincide in Argentina. As the budget now in force was presented about this time last year but was not acted upon by Congress until the following January it is unlikely that the present estimates will be voted for many months.

Compared with the budget of expenditure now in force, the project of outlay for 1940 shows an increase of 70.3 million pesos. The Government stipulates that cuts in the estimates must be spread over the general field of outlay so as to bring an all round reduction of 20,000,000 pesos. This is equivalent to just under 2% of the gross estimate, and so ought to be well within the bounds of practical possibilities. The general increase in expenditure, as compared with the calculation for the current year, amounts, without counting the 20 million pesos of proposed economy, to 90 million pesos.

The estimates for the War Department are 1.2% above those of 1939, and the Navy gets an increase of 3%. No details are at present available as to what these increases are for.

Revenues for 1940 are estimated at \$922,719,000 pesos as against \$854,319,675 for the current year. Customs and Port Dues for 1940 are estimated at \$30,000,000 pesos less than for the present year. However the estimated revenue for 1940 exceeds the probable revenue of the current year by \$44,200,000 pesos.

It the Budget message the Government urges upon Congress the exercise of the greatest possible measures of economy, but it is evidently realized that a deficit of such proportions as that indicated by the margin between the estimates of expenditure and revenue will be difficult to eliminate by even the most drastic of such expedients. Congress is, therefore, notified that unless equilibrium can be obtained in some other way, the Government will have no option but to recommend increased taxes.

REMARKS:

Detailed figures of the budget when it is finally acted upon by Congress will be the subject of a further report but this will likely not be for several months, perhaps even in a special session of Congress after the regular one closes in September.

Source: Government report.

Original & four copies airmailed Aug. 5th.  
Confirmation by steamer Aug. 4th.

*Lester Baker*  
Lester Baker, Col. Inf.,  
Military Attaché.

From M/A Argentina.

Report No. 6087.

August 3, 1939.

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DEPARTMENT

G-2 Report.

NO. 6087, I.G. 5020, Aug. 3, 1939, & No. 5949, I.G. 5020-b, Feb. 6, 1939.

5,020-b

ARGENTINA - Economic.

Subject: Federal Revenues and Expenditures;  
1939 Budget Continued for 1940.

(Ref. G-2 Rep't. No. 6087, I.G. 5020, Aug. 3, 1939, & No. 5949, I.G. 5020-b, Feb. 6, 1939).

One of the last acts of the regular session of the Argentine Congress which finished its labors September 30, 1939, was to decide not to act on the budget estimates for 1940 as presented by the Minister of Finance in July (Rep't. 6087, I.G. 5020, Aug. 3, 1939) but to continue in force, with slight modifications not specified, the budget of 1939 (Rep't. 5949, I.G. 5020-b, Feb. 6, 1939) and the law to this effect was signed by the president on October 4, 1939. This law authorizes the expenditure of \$1,062,343,251 Argentine pesos, plus \$200,000,000 for public works.

The action taken by Congress was due to the uncertainty of the future of Argentine foreign trade on account of the outbreak of the war in Europe. During the debate in Congress on continuing the 1939 estimates, Dr. Groppo, Finance Minister, stated that, with further economies practiced, the deficit for 1939 would be \$120,000,000 pesos. One pessimist in Congress stated his belief that the deficit for 1939 and 1940 would reach \$320,000,000 but to this statement Dr. Groppo made no reply.

In some quarters the view has been expressed that the European conflict and the incalculable effects which it may be expected to have on Argentina's economy, dictate the urgent need for a revised and emergency budget for 1940, and that the Government's policy in extending the 1939 estimates, with only minor modification, to meet the not altogether predictable situation which may prevail in 1940, is deserving of censure.

The Government's case, however, is based on the sound argument that the situation which may obtain in, or before, 1940, as affecting the nation's finances and economy, is, at the present time impossible to estimate and therefore impossible to provide for. The factors on which it mainly depends - duration of the war, operation of blockades etc., the development of alternative and compensating trade on the national revenue - are not wholly within the scope of the Argentine Government's control.

Press commentators admit that the Government's policy is an expedient, but say there are situations that call for expedients and that the present is one of them.

Source: Press.

*Lester Baker*  
Lester Baker, Col. Inf.,  
Military Attaché.

Original & four copies airmailed Oct. 6th.  
Confirmation by steamer.